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February 8, 1947

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By Wang Dzoong-yen

March To Be Decisive

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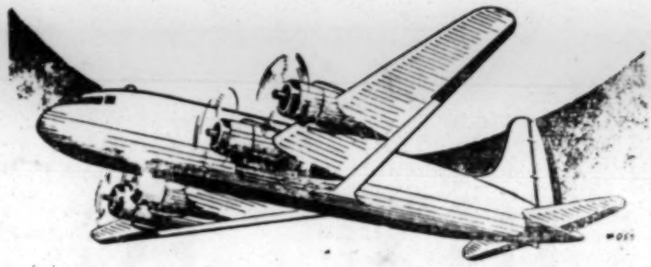

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

City Of Terror

To The Editor:

We are living in a city of terror, Sian. It is dangerous even to speak about democracy; you may be shot for doing so, and dubbed Communists. That is why we did not actively respond to the nation-wide demonstrations against the Peiping rape case, neither could we do anything to express our dissatisfaction over the manner in which our Constitution was adopted. The most we can do is write letters to editors who may or may not publish them.

As regards the Peiping rape case, we feel that a great insult was inflicted upon Miss S. as well as this entire nation. We are surprised at the way our Government tried to hush up the affair. This makes us feel the people were sold out and that our country has been treated like a colony. We strongly insist that the American Marine be punished according to law.

What about the recently adopted Constitution? I can assure you that any Chinese with a clear conscience does not feel that he is bound to this fundamental law, because the delegates "representing the people" were not elected by the people. They were appointed or selected by the KMT, consequently 99 out of 100 delegates were KMT members. What qualifications then have they to represent us, the people?

We, the rightful owners of China, have read through or were told of the Constitution and found that, aside from the pompous language, it will do more to preserve the rights and privileges of the rulers than the ruled. We are already seeing the birth of the "reorganized, democratic government!"—and how it is being publicized.

I wonder whether our ruler knows that terror, starvation and cruelty will force the people to overthrow the tyrants. We may die, may be shot, but we still feel the National Assembly does not represent the people. We are against it, and we are not Communists.

SHA TING.

Sian,
January 23, 1947.

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Contradictions

To The Editor:

"The National Government is in effect the Kuomintang," declared Gen. Marshall, and, in his conclusions, he advocated further support to this same government. Then he revealed, "In the Government (that is, in the Party) there is a dominant group of reactionaries, opposed to the formation of a genuine coalition government, and this dominant group is openly for a policy of force to settle the civil war."

After that Gen. Marshall went on to blame the Communists, saying that they are unwilling to sit down for peace talks. The statement continued, "The agreements, reached by the PCC a year ago, were progressive, but the same reactionaries, the dominant group in the Government (Party), interested in the preservation of their own feudal control of China, had no intention of implementing them." After that, the general criticized the Communist extremists, saying that they frustrated his effort to achieve a peaceful settlement.

These contradictions between Marshall's statements and his conclusions are mainly the reflection of the contradictions existing between American democratic groups and reactionaries in regard to the solution of the Chinese question and many other problems.

The big American monopolies are anxious to liquidate all the concessions

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they were obliged to make during the 14 years of the Roosevelt administration. Through their political lieutenants in the Republican and Democratic Parties and with the help of powerful newspapers, magazines and other media, they are daily discrediting and slandering the Rooseveltian heritage in the American home and foreign policies.

When, for instance, America announced that no loans will be granted China as long as there is civil war in this country, the Scripps-Howard newspapers, *Life* and *Time* magazines, and other publications openly attacked the stand taken by the American Government, demanding unconditional support for Chiang Kai-shek. Later on, these papers' views were solidly backed by Senator Vandenberg, spokesman of the Republican Party which now dominates Congress; hence the lack of firmness in the American foreign policy.

The China problem is only one illustration of the numerous issues of American home and foreign policies over which the opposing forces of democracy and reactionarism have been clashing daily.

Only recently there have been signs that the attitude of American democratic groups is stiffening and, in view of that fact, a firm, authoritative American policy in UNO has become an absolute necessity in order that the reactionaries may reach a temporary compromise. It is hoped that Marshall will succeed in bringing about a more solid, working compromise between these forces, which will give the Americans a more respected standing at the coming Moscow Conference.

Meanwhile, the reactionaries in the Government are stalling for time. They are making repeated, deceptive peace offers to the Communists in order to maneuver them into an unfavorable position in the eyes of the public. They have adopted a Constitution with great pomp. Of course, they could have passed a Socialist constitution as well, because it will only remain a scrap of paper. It is only wishful thinking that this Constitution will ever be implemented. But the dominant reactionaries can afford this fraud because "they are counting on substantial American support, regardless of their activities," as Marshall put it in his statement.

Stalling for time are the liberals in the KMT, too, as well as the minority parties, hoping that under American pressure, the dominant reactionary group will give them a share of the power.

One thing is clear; that is, with continued American aid, the Government will be transformed by and by into a puppet government. Without this aid, the unpopular, corrupt KMT Government has no chance to survive at all. Then, the liberal, democratic forces of the country would shortly form a "genuine coalition government of the people, by the people and for the people." Or is there a third way?

What course is America going to take? It mainly depends now upon the compromise General Marshall is going to reach with Big Business, which is desperately trying to gain more control over the American government apparatus.

However, Marshall is a military leader and statesman. He enjoys more popularity and authority in America than any civilian leader. Besides, he is backed by a powerful section of the American military, which is playing an increasing, and, according to some quarters, decisive role in American foreign policy. Also, it must be pointed out that the obviously marked difference between Marshall and Vandenberg as seen in their speeches regarding China may be realigned into some sort of agreement since the former left ample space for it in the form of contradictions in his statement as remarked above.

Meanwhile, the Chinese people are des-

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perately fighting and suffering to earn their peace and prosperity. According to Dr. W. W. Yen, veteran diplomat, in the Double-Tenth *China Press* supplement, "the standard of living of the Chinese masses compares unfavorably even with that of high grade cattle of the Occident." Evidently, these masses represent no market for American commodities. One wonders how long America is going to build, with feudal bricks, dikes against democracy? It seems the English policy in India, relying upon the feudal maharajahs, is to be copied by America's reactionaries. Let us hope that this will not prove true.

PETER CHOU.

Shanghai,
January 22, 1947.

Hands Off, France!

To The Editor:

For scores of years, millions of Chinese from Hainan Island and other parts of Kwangtung Province have been engaged in the fishing business on the Paracel Islands. These islands are rich not only in sea products, but in jade, animal fertilizer and other products. It is a wealthy *Chinese territory*. The recent trespassing by the French on the Paracel Islands has caused alarm and dissatisfaction among the Chinese. We maintain that the islands belong to China on the following grounds:

(1) According to the map appended to the Sino-French Treaty of Tientsin, 1858, the Islands were shown to be Chinese property. The Chinese Navy regularly called there and patrolled the vicinity. Moreover, Kwangtung Province has exercised administrative power over them.

(2) In 1908 the Chinese Maritime Customs installed a lighthouse on one of the islands.

(3) In 1930 when the International Meterological Meeting convened at Hongkong, it insisted that a Chinese Meterological Institution be established in the Paracels to facilitate navigation.

(4) Indo-China's invasion of the islands in 1938—at the instigation of and backed by the French—was never officially recognized by China. In communications exchanged between China and France during the years from 1932 to 1938 China always insisted that the islands were Chinese territory.

(5) The sudden French incursion on the islands July 25, 1933, was strongly protested by Dr. Wellington Koo, then Chinese Ambassador to France, who maintained not only that the territory belonged to China but that most of the inhabitants were Chinese.

All in all, we have ample historical evidence that the Paracels are Chinese territory. Hands off, France!

CHENG PAO-MING.

Shanghai,
February 2, 1947.

North Kiangsu Rich

To The Editor:

I have recently returned from a trip to North Kiangsu, where I visited such places as Kaoyu, Paoying, Hwaian and Tsingkiangpu along the Grand Canal.

The first impression I got while visiting these places is that the territory is a vast area of plains interspersed with rivers and lakes from which a good irrigation system can be worked out. The whole area is rich in agricultural products, especially grains, somewhat like the Ukraine of Russia. Yet it is deplorable that none of these places has ever been well developed and the majority of the people is illiterate. Hence the question of education for this area is extremely important.

The Communists utilized the ignorance of these people to work for them during

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their occupation. It was indeed well said in a paragraph of the *New York Herald Tribune* appearing in your esteemed paper of December 21, 1946 that "again and again it has been demonstrated in China that the old Manchu cultural and economic pattern, including corrupt officials, avaricious landlords and impoverished peasants can offer almost no resistance to the Reds except when large and well-equipped armies are available." But we have to study the reason why the peasants can offer no resistance to to Reds.

The reason is quite simple; the peasants have not been educated even with common knowledge. They made sacrifices during the resistance war against the Japanese, yet their plight remains a miserable one even now. So much so that they are disgusted with any civil war. Though numerous shipments of machinery and modern equipment for agriculture have been supplied by our Allied friends, I cannot see any sign of such equipment that would contribute to improvement in either communications or agriculture being given to or used by the people at these places.

For example, in Kaoyu and Paoying there is an abundant supply of aquatic products which are sold far cheaper than those in Shanghai. The people at both ends will be greatly benefited if our Government or industrialists can equip a few of those small cargo boats with refrigeration facilities, so fish, for instance, can be brought to Shanghai fresh, in exchange for goods of which they are so sorely in need up there. It will be of great help in lowering our cost of living in Kaoyu and Paoying and Shanghai if similar help and facilities are given to the people in finding an outlet for this and other products.

I sincerely and fervently wish to draw the attention of our Government and industrialists to this commercial possibility if they have any interest in developing such industries or trade.

As to the problem of agriculture in North Kiangsu, it mainly depends upon the question of land ownership. This question, however, is easier to settle in these places because the land belongs mostly to big landowners who gained some experience during the Communist occupation. They not only collected nothing from their annual leases, but also had to liquidate part or most of their holdings as a result of the extremely stern policy of the Communists towards them.

I am in complete agreement with the proposal recently put forward by the Kiangsu Provincial Government that the land of any individual owner should not exceed 80 mow and that all in excess should be taken over by the government for public disposal. If the proposal can be put to work, large areas of arable land will be taken over and big-scale agricultural experimental stations can be established to see they are run along modern, scientific lines.

Z. Y. CHOW.

Shanghai,
January 27, 1947.

Hangchow No Heaven

To The Editor:

"Above, there is heaven; below, there is Hangchow" has been a well-known saying in China for centuries. Now that I am in the earthly equivalent of heaven, being a student of the National Chekiang University, I should be happy. However, it is quite otherwise with me. In fact, I don't like it at all.

There are several reasons why Hangchow is not the "heaven" it used to be. One is that its sewage system has ceased to function. Every time it rains heavily, the street in front of the West Lake is partly inundated. When the flood subsides a few days later, the street will still be full of stagnant puddles, and you walk across it along a slippery, makeshift "bridge" of stones laid at equal distances from each other.

In one such instance, I saw a fashionable lady riding in a ricksha which cut its way to the sidewalk to avoid the stagnant water. Unfortunately, at the place where the rickshaman ought to have exerted himself to get the vehicle up the elevated sidewalk, he wallowed on as if on level ground. The ricksha tilted at a crazy angle and spilled the screaming lady into the puddles. Before he knew it, the lady slapped him in the face violently. More unfortunate for him was it that the lady walked off without paying her fare.

Another "unheavenly" feature of this fair city is the lack of public latrines. As a result, people relieve themselves wherever they please on the sidewalks. Coolies carrying buckets full of human refuse are seen in the streets all day long.

Even were Hangchow a paradise, the people here are by no means angels.

LI TSUNG-LING.

Hangchow,
January 18, 1947.

Fathers Speak

To The Editor:

Your January 11 issue was crowded with protests regarding the recent case of rape at Peiping. For once I thought the incident had been played to such heights of publicity that it put to shame the "Rape of Nanking."

It is true, as your correspondent, Mr. Charles J. Canning, says, "With the Chinese, raping is both a crime and a sin. It is the most intolerable crime in the eye of the law and a most despicable and most unpardonable sin in the eye of morals. And in most cases, old-fashioned Chinese place greater stress on the social aspect than on the judicial aspect. A well-known Chinese maxim reads: "Filial piety is the best of virtues while debauchery the worst of all wickedness.' To cast a slur on the chastity of a man's women folks is the greatest insult you could inflict on a self-respecting Chinese with any sense of shame."

While I fully concur with the above-quoted remarks, I feel obliged to point out that the present case is one of "rape" and not one of "debauchery." Rape is a crime, while debauchery is one of sexual excesses. The Marine concerned, if proved to have committed rape, which is a crime, will be punished by law. If he had five or more concubines and still committed rape, then he could be said to have committed debauchery as well.

The point is: rape is motivated by a sudden sexual impulse while debauchery consists of deliberate sensual and sexual acts, and between them there lies a vast but unnoticed difference. On the basis of this difference, one usually has more sympathy and mercy for one who steals a cake in face of extreme hunger than for one who robs while having plenty.

I am not pleading for the Marine concerned because I believe what he did would be properly punished in the United States as well as in China. And he would be punished even if the act were done in Japan!

The question now is: we have had students barging into political wars, labor troubles, educational controversies, diplomatic bargains, religious conflicts and now they have again left their classrooms to uphold moral issues. We all appreciate youths' uprightness, enthusiasm, integrity and so on, but as fathers of the youths of this generation, we would have appreciated it more if our children had excelled themselves in track and field, scholastic achievements, and in filial piety (such as not wasting their fathers' hard-earned CNC dollars in parading and de-

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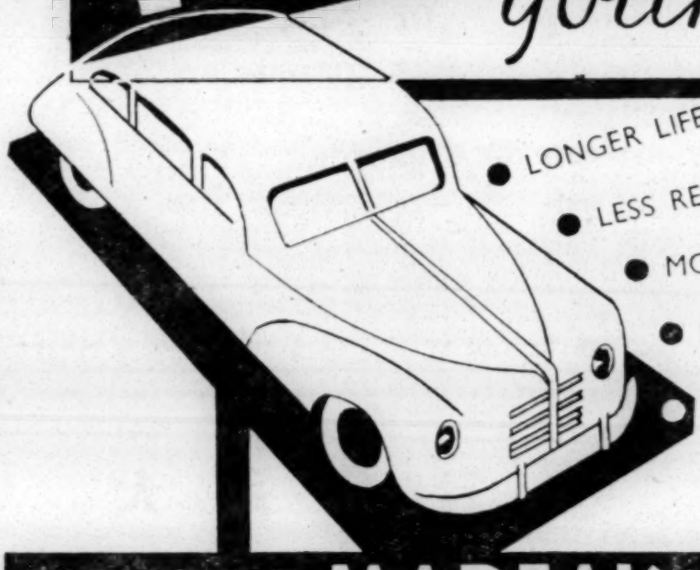

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monstrations) that would be more suitable to their roles.

As Jesus said on the cross, "Father, forgive them, for they know not what they do," I make bold to repeat His words to our beloved students. Judgment is born of knowledge, discretion and common sense. It is true that, in spite of thousands of rape cases committed by the Japs and Jerries who were, in our minds, more beast than human, we feel more sore at the one cases committed by one of the Americans who have always been our friends and allies. We deeply appreciate the students' outburst from the moral aspect but in going so far as parading and urging the withdrawal of American forces, their moral protest has come to the border of political and military issues, the intricacies of which are surely beyond their grasp and province.

Bad feelings are bred as surely as goodwill is fostered. You don't make an enemy out of a dear, old friend because one of his sons committed an offensive act as a result of a sudden impulse, or make a friend out of an enemy because he does a little kindly act. Don't forget a Chinese student or cadet studying in the United States is also an easy prey to impulsive rape. And how would you feel if the American students and people should demand wholesale rejection of Chinese students and Chinese from the United States should one of them do the same thing?

If you would open your eyes to wider fields, you would see that due to our present economic crackup, millions of girls are forced to live the life of the "raped." You must have seen warlords and corrupt officials buying dozens of "girls," many of whom are college students. What have you done? You have seen loose social systems being advocated and practised. What have you done? In fact, many of you even regard them as "modern." Where are your "old-fashioned" morals? Where is your balance of judgment?

Think and think hard, my beloved students, before you judge any act with such boldness and uprightness. Think of what the Americans have done for you and what you hope to do with the help of the Americans now and in the future. Perhaps then you would realize that the American people are as anxious as you are to see that rapers are punished, and you would sympathize with them, too.

EX-STUDENT OF ST. JOHN'S U.
Chungshan, Kwangtung,
January 20, 1947.

Let's All Hope So

To The Editor:

I am always in despair when I learn of increase in the prices of magazines and journals (particularly, your *Review*, which is my favorite) as it will directly augment the reader's burden and indirectly hamper the growth of a nation's culture.

Of course, to the Shanghailanders, the sum of CNC$1,500 seems nothing, but to those in the interior, especially in the northwestern provinces, it is rather high. To some it may even be a small fortune. Therefore, the incessant increase in cost, I fear, will cause a considerable number of your readers to part with you only for reasons of economic necessity in the future. They will then say goodbye to you in a *reluctant* and *choking voice*.

I know you are compelled to adopt such a step owing to continual increases in your production cost, but I do hope that no further increase will be made in the future if it is possible for you to carry on your publication without losing money.

W. K. YAM.

Hankow,
January 20, 1947.

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U. S. Propaganda

(First of a series of editorials dealing with the dissemination of propaganda and news)

THE American Government and people are currently involved in a discussion of the merits and demerits of government-sponsored propaganda for consumption abroad. While it is too early to forecast the precise outcome of this national debate, it seems reasonably certain at present that the State Department, under whose direction any such propaganda program would come, will be permitted to engage in limited overseas activities.

In the first days of the American Republic, quasi-government participation in the publishing field was accepted and the early political parties had their organs, much as China's Kuomintang and Communists have their *Central Daily News* and *Sin Hwa Jih Pao* today. However, it soon became evident that the papers expressed mainly party opinions and on the whole could not be relied upon to print "the truth, the whole truth and nothing but the truth."

As parties prospered and waned, so did their papers, and before long the public began to rely almost entirely upon privately-owned, independent journals. Shortly thereafter the party paper as such disappeared. Since then there have been papers which consistently followed one party or the other. However, they have no connection with the party other than that their publishers may be members or officials of one or another party, or, perhaps, merely sympathetic with the aims of one or the other. Almost every election time sees a paper which had long been regarded as "Republican" or "Democratic" shift to the opposite side.

During the war the need for accurate, fast dissemination of American news throughout the world was easily recognized and an agency was established for this purpose. Despite the fact that all concerned realized that such a program was an essential part of the war effort and that as such it could best be done by the government, many people objected to it on the grounds that it gave the government an opening wedge for entering the publishing and broadcasting business.

Following the Japanese surrender the government abolished the Office of War Information, war-time propaganda agency, and turned over a few of its remaining functions to the State Department, which set up an Office of International Information and Cultural Affairs, headed by an assistant secretary of state. During the past year this organization has settled down to a few basic operations which it hopes will be permanent. They include broadcasts of straight news, music and various other cultural programs in foreign languages to the world, information offices attached to each consulate abroad, libraries of American cultural, history and reference books at all consulates, etc.

Gradually the "press service" or cable news activities have been curtailed as the private American news agencies such as *United Press*, *Associated Press* and *International News Service* re-entered the foreign field, until the news bureaus of the various OIC offices abroad have become very small affairs, specializing in distributing feature articles, texts of important speeches by well-known private and public figures in the United States and other such material which the commercial news agencies either overlook or purposely by-pass for reasons of economy.

It is at this point—with a new Republican congress—that the entire program has come up for review. The outright opponents—a large majority of the "Republican" press, and various economy and isolationist-minded congressmen and individuals have been demanding that even this limited program be scrapped. This group includes the major American news agencies who are beginning to feel the competition offered them abroad by the many subsidized foreign news agencies, and feel that total elimination of American Government news activities would help them in their fight.

Proponents of the program include left-wingers who see the program as the beginnings of government-controlled information, liberals who view with disfavor the large American publishing outfits whom they think present too conservative a picture of America abroad, and many others who feel that a completely unbiassed presentation of information by the Government would aid in creating world understanding.

Another major group involved in the debate is comprised of the large number of people who still believe in a completely private news and information system, but who recognize that America is one of the few remaining countries holding this belief and that the radios and newspapers of Russia, France, China and virtually all of the countries of Europe are either government-owned or government-controlled to some degree and are bombarding the people of the world with propaganda which is disguised as news. In addition, many of these countries—especially in their radio broadcasts—are doing their best to present to their own and neighboring peoples a highly distorted picture of America and her aims.

This group, while holding its views regarding a free and private press within the United States, is suggesting that it is perhaps wise for the government to engage in a certain amount of news activities abroad in order to present to the world as correct as possible a picture of America and the American way of life.

Perhaps most prominent group to espouse this general opinion of late is a committee formed by the American Society of Newspaper Editors to study this question. In its report to the ASNE, the committee recommended that a group be appointed to periodically review U.S. propaganda.

The committee recommended:

"The present uncertainties in international relations justify an effort by the United States Government to make its activities and its policies clear to the people of the world through the agency set up in the State Department.

"Your committee recognizes, however, the dangers inherent in government dissemination of news and suggests that the society appoint a special committee to review at intervals the work of the State Department agency and make its findings available to the membership."

While we have not been following the propaganda activities of the world particularly closely of late and so are not in a position to judge personally the type of information or misinformation being spread about, we did follow it rather carefully during the war and on the basis of the type of nonsense frequently broadcast and printed and the occasional cases of wilful distortion of news put out by more than one of our allies, we would be inclined to favor a limited, strictly-controlled and carefully-watched campaign by the American Government directed toward presenting to the world a truthful and non-partisan picture of America.

Just how such a program should be checked is another matter. We would agree with the ASNE committee report in that it should be one of the society's functions. However, it should not be left to the society alone. Perhaps the assistant secretary of state who runs the OIC should be called before a special committee of Congress periodically to report on his activities. Another good check, and one that will automatically operate, is the American press. During the war, the newspapers printed frequent articles attacking or praising some particular aspect of the war-time propaganda activities.

As long as so many of the countries of the world persist in government-sponsored propaganda disguised as news and see fit to present distorted pictures of each other in an attempt to further their own narrow, national interests, there is little recourse left but for the United States to follow. But if we must follow, we do not have to follow the same methods or paths. We can at least attempt to be honest and we can set up a system whereby the American people can check up on what their government is doing and saying in order to eliminate the possibility of their being led into a false and embarrassing position.

"THERE MUST BE A SAFER WAY"

—*Newark Evening News*

Spring Is Here!

FOLLOWING the cease-fire order issued last year by the government, the attitude of the state appeared to be that while local commanders would be given freedom of action in so far as the defense of their positions was required, the top-ranking military leaders would maintain a "hands off" policy. This policy seemed to indicate—at the time of its appearance—that the government was attempting to localize the civil war and was opposed to a nation-wide, all-out holocaust.

But Spring is here. And come Spring, comes a new policy — a policy whose outlines were shown early this week at Hsuchow, strategic junction point of the Lunghai and Pingpu rail lines.

Last week, the government's ablest military leaders, swooping down with their maps and field-glasses, got down to the work of preparing new plans for the slaughter. Gen. Chen Cheng, Chief of the Chinese General Staff was there when the "nationalist steam-roller" (in the words of the government press) first started rolling. Even Generalissimo Chiang Kai-shek, who during past months has confined his activities to talking peace in Nanking with representatives of the political parties, paid a "courtesy call" on the troops being readied for action.

All this can indicate only one thing—even the official "cease-fire" will not be respected much longer by the government. And once the government discards the mantle of pacificism, then what can prospects for peace amount to? If the government leads the way to an intensification, and the extension of the civil war, then what can one expect of the Communists? Clearly the Communists will not sit idly by while the top government strategists set the wheels of war into motion.

All this, be it noted, while the government has not yet declared the "cease-fire" issued last year at an end. Officially that order is still in force. It has never been cancelled, or questioned on an official level. Yet press reports already talk of a sweeping offensive along a 50-mile front aimed at "blasting open the vital Tientsin-Pukow Railway and recapturing the whole of the important province of Shantung."

Nor can the extent or the importance of the new offensive be disguised. Fully half a million men (by government estimates) are involved on the Nationalist side. This is clearly no diversionary "side-show" to counter Communist "token" attacks on the Tientsin-Peiping line.

It would be sheepishly naive to believe that this is but a "local" drive which will have no repercussion beyond the area of operations. For it cannot have any repercussion but on a nation-wide scale. Half a million men are half a million men, and a battle in the vital Shantung-North Kiangsu area cannot but spread over the entire length and breadth of North China.

It is now up to the government to admit that it plans an all-out drive on the Communists, whenever and wherever they may be found, and therefore announce the termination and the annulment of the "cease-fire" order. Or, it must call off the offensive just begun and continue to keep the civil war "localized."

There can be no two ways of treating the new hostilities. They must be considered the opening shots of a government offensive which, besides being aimed at the liquidation of the Communists, is aimed at the termination of all peace talks. For you cannot talk peace, and prepare for war.

As far as can be gathered from the government's present attitude, however, it appears that the government refuses to recognize the demise of the "cease-fire" ordered last year, while quietly —not so quietly, though—continuing to prepare for a nation-wide offensive which will sweep the Communists off the land.

The time has come for the government to define, clearly, unequivocably, its intentions during the Spring. For explanations of the Spring offensive some time in the Summer will satisfy no one.

1947 Whether-Or Forecast

General Chen Cheng, National Government Chief of Staff, told National Assembly delegates that Government forces would wipe out Communist troops before the new National Assembly meets in Nanking next Christmas.—*AFP, Dec.* 27, 1946.

China's former Chief of Staff General Ho Ying-chin expressed the opinion that the fighting in China has passed the peak.—*Reuter, Feb.* 3, 1947.

A prophet is without honor in his own country.—*Jesus Christ, ca.* 33 *A.D.*

Conservation Or Censorship

EVEN in a country where the machinery of government functions with clock-work precision, the fewer the throttles, the better. How much more dangerous, then, are all restrictive regulations in a country where the governmental structure is often accused of inefficiency, irresponsibility and other evils which are too many to be listed.

No intelligent person can consider the new regulations concerning the limitations imposed on the use of newsprint by the daily press without considering the above. For if the governmental structure in China has not already shown cracks in its foundation due to the excessive strain of attempting to enforce too many restrictive measures, it will do so soon if a halt is not called by the government in attempting to impose more and more controls on private enterprise.

* * *

THAT is the general picture. But what of particular acts, particular restrictive measures which can do neither the nation nor private enterprise any good. We mean, in particular, the new measures imposed by the government to restrict the immemorial right of the press—the right to make their papers as large or as small as occasion demands, and as the public will support. This right, curtailable in wartime, should not be, cannot be by-passed or imposed upon in peace-time. Yet that, precisely, is what the government is now attempting to do.

The justification for these restrictive measures is, of course, the oft-repeated plaint that China just has not got enough foreign exchange with which to purchase sufficient newsprint in the world market. In other words, the government claims that it is adopting a policy of foreign exchange conservation.

But do the new regulations amount to conservation of exchange or censorship of the press?

Every economist knows that one does not conserve foreign exchange on items which do not consume large amounts of precious balances abroad. One conserves on items which drain the national supply of foreign exchange without bringing in tangible profits to the nation. This may apply to such luxuries as cosmetics, liquor, bullet-proofed de luxe automobiles and the like. But it cannot apply in the case of as essential an import as newsprint. For newsprint is the life-blood of the daily press—the only voice which the masses of China have today.

Since the bill which the government must foot for newsprint cannot amount to much, and since every dollar invested in newsprint brings in untold dividends in the form of an educated, informed public, it must be clear that conservation of exchange will not come about from the imposition of the restrictive regulations governing the virtual rationing of newsprint to the nation's press. If, then, the move cannot bring about conservation, what is it aimed at?

An inkling into the true nature of the new regulations is supplied in the text of the government's statement on these measures, where it is plainly disclosed that the measures will also be aimed at the liquidation of the "yellow press." The statement is one thing. The implication quite another.

For where "yellow journalism" ends, and "irresponsible" journalism begins, only a savant of the first order can determine. And there is always, persistently, the possibility that the officials entrusted with the enforcement of the newsprint restriction regulations, in estimating the degree of "responsibility" of a paper, may adopt a standard of values, which does not tally with that of the public.

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STARTING out from mere conservation of foreign exchange, the newsprint restrictions may in time lead to censorship. For the mere threat of a suspension of a paper's supplies of

newsprint may force a change in the editorial policy. The government will argue, as is to be expected, that only a reduction in the number of pages is planned, and not the total amount of newsprint allotted to each of various dailies. But from restrictions in the number of pages, it would not be difficult to restrict the circulation of a paper through allotting it less and less paper.

From this type of censureship, the next step would be censorship—indirect, but as effective in the long run as the most direct blue-pencilling. For once the freedom of the press is interfered with, in any way, the interference begins to grow until it assumes such proportions that the press is no longer free, but becomes the hand-maid of the state.

This, we fear, may come about in this country if, before the restrictions become effective, liberals in the government as well as in the chief political parties, do not make a stand and have the new regulations written off the statute books. The threat is all too apparent, the implications all too sinister for silence to be maintained on this subject.

At stake is not only the freedom of China's press, but the freedom of thought and public opinion. There is no time for the splitting of hairs over interpretation. The public has already heard enough to be convinced.

Perennial Youth?

Public Organs Ask Release Of Young Marshal.—*China Press headline.*

Before he grows too old to dream?

New Democracy?

THE most interesting part of the story about the Legislative Yuan's discussion of the national budget last week was the allegation that Premier T. V. Soong declined to attend the meeting. While the session was closed to the press, one of the Yuan members later informed reporters of the proceedings, according to a *United Press* story from Nanking.

The members asked why Premier Soong was not present when it was disclosed that since assuming office early in 1945 he had issued more new banknotes than were issued during the war, the figures being CNC$3,000,000,000,000 issued by Premier Soong as against CNC$1,870,000,000,000 issued by his predecessor during the war against Japan.

The issuing of banknotes, the size of the new budget and many other government actions came in for criticism. However, despite the objections of the Legislative Yuan and the desire of members that Dr. Soong be present to explain his program and answer questions, the Yuan apparently was not able to persuade him to attend. Yuan member Wei Ting-sheng was reported to have declared that the Yuan only wanted to discuss the problems with Dr. Soong, not to "give him any trouble."

While there apparently is no legal method for the Legislative Yuan to question the President of the Executive Yuan, or Premier, until the new constitution goes into effect, it does seem that if China is really to be a democracy, the time to begin is now. The new constitution establishes a set of checks and balances which if implemented properly should make the officials really responsible and subject to the legislative branch of the government. Inasmuch as such a procedure has been decided upon in principle and is scheduled to go into effect within the year, why not start working in that direction now?

To The Nearest Decimal

CHINA'S official statisticians are perhaps the most able in the world. Whereas in other countries population statistics are available to the nearest 100 persons, and illiterates to the nearest 100 or at times 1000 persons, in China, where the population has been placed all the way from 400,000,000 to 450,000,000 customers, illiterates are numbered practically to the nearest decimal.

Cheng Tung-yuen, of the Education Ministry, is reported to have told the Chinese press recently that 38 years would be required to rid China of the 132,672,605 illiterates at present in the country.

Future Of China's Youth

THE Chinese Young Men's Christian Association has launched this year's drive for funds with an appeal to the citizens of Shanghai. While it is always difficult to solicit contributions for relief agencies or for worthwhile non-profit organizations in periods of economic depression, the need for funds at such times is greater than ever.

We were informed of this drive last week by one of the YMCA organizers who approached us with the idea that we might speak to some of our foreign and Chinese friends. This we have done and, we are sorry to say, the results have been somewhat disappointing. While it is every man's right to do as he pleases with the money which the government lets him keep after paying his just share of taxes, it does seem a shame that so many of Shanghai's more prominent citizens, both foreign and Chinese, are rather lacking in public spirit and charity toward their fellow man.

One sentiment, which was expressed by a few foreign friends, and which, while we cannot agree with it, we think is worth noting, went something as follows:

"Why should I donate anything to the YMCA, or to anything else, as long as China is doing everything it can to put me out of business? Why should I contribute to any organization dedicated to China's youth when virtually every week China's youth is parading through the streets shouting all sorts of unprintable things about America and Americans? Why don't you solicit funds from some of the Chinese bureaucratic capitalists who, because of their special connections with corrupt government officials, are able to "squeeze" me out of business?"

Needless to say, there were only comparatively few foreign businessmen who felt so bitterly about the present state of affairs. However, the fact that there are still people who apparently sympathize with the organizer of the "Let's Get The Hell Out of China" movement is disturbing to any of us who feel that, despite temporary frictions and difficulties, China and America will in the future continue as friends and allies as in the past.

While there is a certain amount of truth about the difficulties outlined in the foregoing paragraph, there is no reason to either blame or penalize the Chinese YMCA, or any other public organization of such nature. The difficulties we all now face are attributable to many other things, especially the civil war.

Another type of answer we received and which we like even less, is the one we got from some of our Chinese friends. This answer was silence. When we ran a few of them down and forced an answer out of them, it was politely phrased, but amounted to: "I'm not interested. There's nothing in it for me, so why should I be concerned?"

Such an attitude is so obviously the view of the self-centered and selfish, that it needs no comment.

Something that a few of our friends apparently are unable or unwilling to see is that one of China's main hopes for the future lies in her youth. Anything any of us can now do to aid the youth of the country is certainly in order. If it is nothing else, it is, for those of us,—both Chinese and foreign—who have faith in China and her future, only common sense to invest in that future by giving our small measure of aid to China's youth.

Denazifying Shakespeare

William Shakespeare's comedy "The Merchant of Venice," has been banned from the Frankfurt Municipal Theater because of Jewish objections to the character of Shylock.—AFP dispatch.

"Too much ado about nothing," Shakespeare is reported to have remarked.

China's Chances

EVER since China signed the Bretton Woods Agreements, out of which grew the International Monetary Fund, or the World Bank, as it is more commonly called, people both in China and abroad have been speculating as to what nature China's participation would take. Of even more interest has been the question of China's chances of obtaining a loan from the bank.

China was able to remain a member of the bank still in reasonably good standing following the date set for announcing the value of member nations' currencies recently by taking advantage of a provision granting a time extension. However, she will have to set some non-fictitious value upon it and stabilize it before she can become an operating member and use the bank's facilities.

Of interest is a recent broadcast made by Camille Gutt, the bank's managing director and chairman of its executive board. While stating that the bank would aid any of its 39 member nations by selling them foreign exchange to overcome "temporary difficulties," he emphasized, "a structural disturbance in foreign trade," was another matter. He listed such factors as a bad crop in one year and a depression in foreign market as possible causes of "temporary" difficulties. In such cases the bank would aid the needy member nation by exchanging foreign currency for the nation's currency at the accepted par value.

Discussing conditions under which the bank would not aid member nations, he said: "Supposing a country could not, for years in succession, meet its foreign exchange obligations with the proceeds from its exports. This would show that there is something fundamentally wrong with this country's import and export position. Either it has not taken the necessary steps to regulate its economy, or the value of its currency is not at the level where it ought to be.

"In such cases, a recourse to the bank's resources would only tend to prolong this unsound situation and should be discouraged."

On the surface it appears that it will be some time before China can become eligible for the benefits to be obtained from the bank. What the future will bring, either in respect to China's currency and import-export imbroglio or in respect to the bank's regulations is unknown, but it seems a shame that China, one of the victorious United Nations who really needs help today, because of man-made internal conditions cannot qualify for aid from one of the institutions she helped organize.

25 Years Ago In Millard's Review Of The Far East

February 11, 1922.

Paper Tiger

The new name for General Chang Tso-lin among the Chinese, according to the *Chung Mei News Agency*, is the "Paper Tiger." The agency further stated that it would seem that his failure to call the bluff of General Wu Pei-fu and his desertion of Premier Liang Shih-yi has not passed unnoticed by his countrymen and the Manchurian warlord, the tiger of the North, has gained a new description indicative of his prestige among the Chinese.

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Purchase Of Mongolia

The question of the purchase of Mongolia and Manchuria from China by Japan is given as the view of the progressive element of the latter country in a summary of the intellectual currents in a political way by *Reuter's Pacific Service*. The class is credited as seeing this as the final settlement of the problem of the expansion of population, the need of food and the necessity for raw material. The liberals are said to favor a policy of reconciliation in all foreign relations.

10 Years Ago in The China Weekly Review

February 6, 1937.

U.S. Shipping Strike

The American shipping strike on the West Coast which made a cleaner job of sweeping the U.S. flag from the Pacific than any war could have done possibly is now on the point of settlement — after a deadlock of approximately 100 days. Throughout this period there wasn't a single American left on this wide ocean; hence the competing lines of Japan, Britain and other countries made the most of this situation by carrying capacity loads of both passengers and freight. The losses of American shipping companies and allied interests are stupendous ....Business interests on the West Coast lost US$7,000,000 a day while the losses of the strikers in unpaid wages approximated US$250,000 a day.

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MacArthur In Tokyo

President Manuel Quezon of the Philippine Commonwealth and Major-General Douglas MacArthur, military adviser to the Manila government, who are en route to the United States on the Empress of Canada, were received in audience by Emperor Hirohito in Tokyo on February 1. Joseph Clark Grew, American ambassador, introduced the visitors to the monarch. All three later attended a Palace luncheon.

Kwangtung Spared War's Horrors, But Corruption, Crime Rampant

By WANG DZOONG-YEN (王 宗 炎)
(Special Correspondent, The China Weekly Review)

Canton, Jan. 26.

A WEEK of continuous drizzling rain brought the lunar year to a miserable close. Having been innocent of repair these one and a half years after peace, the roads in Canton turned literally into a quagmire. A stroll in the street showed that in spite of the coming Chinese festival, gloom was written large on the drawn faces of the pedestrians, the drenched clothes of the ricksha coolies and the charred, mute skeletons of the buildings gutted in the war.

Notwithstanding the half-hearted exhortations of the government towards adopting the Gregorian calendar, the Lunar New Year was celebrated by all the Cantonese—including the government officials themselves. Holidays were not declared, but one could always take a day or two off unquestioned when all people were having a rest.

Looking around on New Year's Eve, one saw that the good old custom was faithfully followed as far as possible. Joss-paper and joss-sticks were consumed in quantities, ancestral shrines were decorated with red scrolls and golden flowers, and the telltale "Kitchen God" was duly sent off to heaven, his tongue somewhat handicapped by the gelatinous dumplings reverently offered.

Flower Market Deserted

But these are hard times, and drastic cuts have to be made on unnecessaries. Despite the Cantonese passion for flowers on New Year's Day, the flower market was almost deserted. Enthusiastic florists who came bringing glorious blossoms from Fahday, the Flower Land, were keenly disappointed to have people look on their merchandise, shrug their shoulders and go their way. A splendid chrysanthemum priced at CNC$20,000 or a charming peony at CNC$50,000 had no appeal at all to those who were chiefly occupied with the mounting prices of rice and fuel.

New Year's Eve is the traditional date for the settlement of accounts, and many a poor soul faced the night not without somber thoughts. Old debts had to be paid, the clamorous landlord to be pacified, and a thousand and one boys and girls to be ceremoniously if begrudgingly tipped. If at all times it is hard to make a small purse go a long way, it is hardest to do so when the lunar year breathes its last.

Money Market Tight

When the nocturnal din died away, many a Cantonese shopkeeper quietly toted up his ledger. On paper the figures looked well enough; so many millions of dollars of profit had been made. But a glance at the shelves showed him the serious shrinkage in the stock, and he realized how far outdistanced he was in the race against the government printing press.

Of the stores and factories in Canton, few are in a very favorable economic condition. The money market is very tight, and a monthly interest rate of 20 percent is not considered exorbitant. Fortunately, mortgage loans totalling CNC$1,500,000,000 were extended just prior to New Year's Eve by the Central Bank to local commercial and industrial enterprises; they went a long way towards easing the financial strain.

With the reported issue of the new big denomination Customs Gold Unit notes, gold prices and foreign exchange rates soared like uncontrolled balloons. Two weeks ago gold was sold for CNC$410,000 an ounce; now it is CNC$488,000. On January 13 one Hongkong dollar was worth only CNC$1,138; now it is CNC$1,500. In a matter of 14 days, the Chinese currency has depreciated more than 20 percent.

Brainworkers Suffer

The salaried class is always afraid of currency depreciation, but the most anxious seem to be the government clerks and schoolteachers. At a time when rice costs CNC$80,000 per picul, most of the employees of the provincial class receive no more than CNC$200,000 for a month of hard work, while those of the district class get only CNC$50,000 to CNC$100,000. It would seem that the authorities think that tightening the belt is an amusing experience or that one works best when hungriest.

An interesting sidelight is thrown on the desperate plight of the brainworkers by an inquiry into the treatment accorded the laborers. While the salaries of the government employees are in arrears, the workers in the Electric Plant and the Waterworks have been given a bonus of one month's pay. The chauffeurs and conductors of the bus companies are demanding a daily wage of CNC$12,000, while a lecturer in a national university is supposed to be well-paid when he gets less than CNC$300,000 a month—basic pay, addition to basic pay, living allowance, research fees, and everything-else included.

Tuition Major Problem

One of the major problems facing the Cantonese in the Lunar New Year will be the tuition fee collected by the private schools. Of all educational institutions, such schools are the most hard hit by the war. They had no government help when they went into exile; they had little when they moved back. Although they reopened, few assets remained. Most of them have no library, no laboratory—and no endowment fund.

Among the schoolteachers in Canton, those who work in the private schools are the worst paid, because the schools are poor. Tuition is the principal source of income, but the expenses are numerous and ever increasing. After operating for one and one half years, many principals declare that their schools are deeply in the red and that it is a question of a big increase in the fees or closing down.

After some fervent pleading before the educational authorities, the private junior middle schools finally got permission to collect CNC$144,000 from each student, the senior middle schools CNC$160,000 and the colleges CNC$192,000. But the students are loud in their protest. They say that they cannot pay so much—and indeed they cannot. With them it is a matter of a big decrease or no schooling, for it cannot be expected of their parents, who are government clerks or schoolteachers, to spend their entire pay for a month or two on a single item such as education for the children

Corrupt Officials Punished

Turning to politics, one finds the record of the last twelve months none too encouraging. In a recent press conference, General Li Yang-ching, the energetic Commissioner of Civil Affairs, reported bluntly that out of 99 district magistrates in Kwangtung, 96 had been accused in 1946 of abuse, bribery, misappropriation, and other offenses. While investigation showed that a few of the charges were not well-grounded, many were substantiated and brought swift retribution on the heads of the evil-doers.

The punishment meted out is, according to General Li, as follows:

Three were temporarily retained

but their cases were referred to the court;

Ten removed from office and ordered to wait for future appointment (which in Chinese government parlance means no future appointment);

Fourteen summarily discharged, and

Seventeen detained after discharge for trial by the court.

Although it may be conceded that the government is rigorous enough in the chastisement of the offenders, one would like to know whether greater care in the selection of personnel and closer supervision over the subordinates would not be a wiser and more effective way to clean up the foul mess called Cantonese politics.

Peace conditions in Kwangtung are far from ideal. In a statement made a week ago, General Chang Fah-kwei, Director of Generalissimo Chiang's Canton Headquarters, said that only the area south of the West River and along the Han River are comparatively quiet. The districts through which the East and North Rivers wind their way are harassed by numerous gangs of highwaymen and pirates, who prey upon the buses and motor vessels and junks exactly as Jesse James and Captain Kidd did upon the helpless wayfarers and merchantmen of yore.

That the extent of the predatory activities of such outlaws is frightful is proved by the figures given by General Chang, who is quite outspoken and sociable. In the last three months, no less than 40 buses were held up in the North and East. As for the piracy cases, they are such daily occurrences that people simply cease to bother about them.

Reds Still Active

In spite of the evacuation of the Communists from the East River districts to Shantung several months ago, the Reds in that region are still something to reckon with. In the southern districts bordering on Kwangsi and Annam, more than 2,000 Reds or semi-Reds are entrenching themselves. In Hainan Island the Communists under Fung Bak-kei are stubbornly active and the local authorities are very ill at ease. Early in 1946 an army was sent there to mop up the insurgents, but the expedition somehow failed in its mission and in October was dispatched to North China.

In Canton as in all of China, the year 1946 is one of great failure and disillusionment. Taking a retrospective view, one feels that the Cantonese still have ample reason to thank their stars. For one thing, there was no major fighting here. For another, most of the districts reported a bumper crop. The railway service from Canton to Hankow has been forging ahead unmolested ever since its resumption, and the preventive authorities, with the help of the gendarmes and the navy, have just made a clean sweep of the armed smugglers.

At a time when chaos is the rule and order the exception, perhaps it is not inadvisable to greet the newborn year with a little good cheer and courage.

China's Sorrow Back On Old Bed; Reds Threaten To Dam River

By MARK M. LU

(Special Correspondent, The China Weekly Review)

Kaifeng, Jan. 15.

THE Yellow River was diverted on the night of December 27 to its old bed which runs through Communist-held Shantung though the gap at Huayuankou has not yet been completely closed.

At first it flowed along its old course rather slowly because of the numerous sand bars, but on January 5, it reached Liuyuankou, 18 li north of Kaifeng. Since then, it moved faster day after day, and by January 13 China's Sorrow had passed through southern Hopei and entered Shantung Province.

At the time of writing, it is reported that the work of closing the gap is being speeded up, with only 140 meters still to be filled with rocks to cover the water mark. More than 70 percent of the rocks needed has arrived at Huayuankou, and the rest is being transported by the Peiping-Hankow and Lunghai Railways, which are running extra schedules.

On January 12, the discharge of the Yellow River was estimated at 1,300 cubic meters per second, of which 390 cubic meters per second were shifted to the old bed. Its speed downstream was one to two li per hour. The initial flow of the water was one meter in height and 100 meters in width. Its average daily speed was 40 li. A spokesman of the Yellow River Conservancy Commission declared that if nothing happens the gap at Huayuankou will be closed this month.

Reds May Dam River

The Chinese Communists, on learning that the Yellow River was to be diverted to its old course, lodged a strong protest against the planned closure of the gap at Huayuankou. They said the people living on the river bed have not moved away to places of safety where they must construct new villages. Communist Kaifeng representative Chao Ming-fa has already left here for Nanking to consult their Nanking representative, Tung Pi-wu.

It was reported the Communist administrative bureau of the Honan-Hopei-Shantung area recently announced that an embankment will be thrown up across the Yellow River, along its lower course, to stem the water if the intensified gap-closing at Huayuankou is not halted immediately. In that case, Honan and Hupeh, along the upper course, will be endangered. If the Nationalists and Communists should go to extremes, it is feared a new flooded area will be created with the result that numberless innocent people will be endangered and millions of mow of fertile land and thousands of villages will be inundated.

According to arrivals from Tsaochow, the Communists, after taking Chuyeh and Chiahsiang in west Shantung, now are massing a huge number of troops with "malicious intent."

Refugees Score Communists

On the other hand, more than 1,000 refugees from the flooded area have demonstrated against the Communists for protesting against the early closure of the gap. The refugees—a cross section of the flooded hsiens of Chungmou, Weishih, Fukou, Yenling, Taikang, Hsihua, Shangsui, Huaiyang and Kaifeng—held a demonstration in front of the Kaifeng Kuomintang Headquarters.

The meeting over, the refugees paraded down the main streets, shouting slogans. Among the slogans were "Close the gap without delay," and "Those who obstruct the closure are our enemies." Arriving at the office of Yellow River Commission, they demanded to see the Communist representatives, who were out at the time. A Nationalist member of the commission appeared and assured them that despite all obstacles the gap will be closed this month.

EDUCATIONAL

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New Developments Indicate March To Be Decisive Month For China

By CHARLES J. CANNING

CHINA'S highly complicated political situation, which has presented a lot of puzzles and headaches to foreign observers, has been more or less clarified by a series of fast-moving and dramatic events which occurred during the last month.

The return to the United States of General George C. Marshall, United States presidential envoy, rang up the curtain on the last act of United Sates mediation in China. Before his departure Gen. Marshall issued a personal statement in which he blamed in no uncertain terms extremist elements in both the Kuomintang and the Communist Party for frustrating his painstaking efforts to promote the end of China's civil war and the setting up of a genuine democratic coalition government. Accordng to the disillusioned mediator, China's future hopes lie in the liberal groups.

Taking the hint in Gen. Marshall's statement, government leaders in Nanking lost no time in launching a political offensive against the Communists by asking Yenan to resume peace talks on the basis of a four-point plan, or to assume responsibility for destroying the last chance of peace. If the two demands of the Communists (nullification of the new constitution and restoration of the military status quo of January 13, 1946) were unacceptable to Nanking, this four-point formula of the National Government was equally unacceptable to Yenan. It was authoritatively reported that before transmitting their plan to Yenan through U.S. Ambassador J. Leighton Stuart, government leaders were quite convinced that Yenan's rejection was a foregone conclusion.

Decisive Step Taken

A decisive development then occurred. In view of the hopeless deadlock of the China issue, the United States Government formally abandoned its mediation and washed its hands of the whole mess.

Immediately upon the termination of the U.S. government's connection with the Committee of Three and Executive Headquarters, the National Government issued a public statement announcing that the Communists had turned down all peace offers and stressing the government's desire to carry out its fixed policy of political democratization with the participation of all other parties, in spite of the abstention of the Communists.

Thus, the last hopes for a resumption of peace negotiations have been washed up and the country faces a full-dress civil war.

To well-informed and competent observers the events of the last month have been no surprise; they were expected. As early as the end of November 1946, when the National Assembly was still in session and lots of people were shouting that "once a democratic constitution has been adopted and promulgated, everything will come out all right," I had occasion to point out in an article in the *Review* of November 30, the following:

"The opening of the National Assembly has destroyed whatever faint hope remained that peace negotiations between the KMT and the CP would drag on for some time and that an open rupture might be averted. The door to future peace talks is practically closed, but not bolted....It is pretty clear that both the KMT and the CP are making feverish preparations for a military showdown as a way out of the present political impasse...."

Door Now Bolted

This time, since the government is determined to reorganize its machinery without Communist participation, the door to future peace talks is not only closed; it is bolted.

Future developments in China are contingent upon two factors. One is the outcome of the bloody fighting now going on between the Nationalists and the Communists and the other is the forthcoming Foreign Ministers' Conference in Moscow. These two factors have a close connection. The outcome of the fighting in the next several weeks is bound to have a direct bearing on the Moscow Conference. On the other hand, any action the Moscow conference may take on the China problem is sure to affect the situation in China.

A careful examination of recent developments in the military situation indicates that during the past two months the Nationalist forces have gradually but steadily lost the initiative to the Communists. The battle of Szepingkai in Manchuria taught the Reds several valuable lessons. The fact that the Reds did not make a to-the-death stand in defense of Kalgan and Huaiyin shows that they have employed new tactics. Instead of defending cities and towns which would inevitably involve heavy losses in manpower and materials, the Reds prefer to conduct guerrilla operations and fight a mobile war with the express object of exhausting the enemy. In their own words, they prefer to barter empty cities for men and war materials of the government forces.

Initial Successes Won

Initial success seems to have crowned the Communists' new tactics. Of late, things have come to such a pass that government forces were compelled to stand on the defensive, so far as strategy is concerned. For the first time since the flare-up of civil strife following V-J Day, the military position of the Nationalists is so weakened that they are no longer able to take the offensive on several fronts at the same time. Of course, it is still possible for them to concentrate their crack divisions on one or two fronts and take more towns from the Communists. But from a military point of view, such action is only a tactical offensive. Taken as a whole, the ability to stage strategical offensives is slowly but surely slipping from the government's hands.

The most sanguinary battle is now being fought in the Shantung-Kiangsu border area. Short-sighted observers and armchair military strategists say that the outcome of the battle of Hsuchow will be the key to the future. Of course, there is no denying the tremendous importance of the outcome of this battle. But to judge the whole future by this single battle is to fail fully to appreciate the nature of China's civil war in its present stage.

Qualified observers are inclined to think the present disposition of Communist forces indicates that the Communists have not put all their eggs in one basket. They are not going to stake their future on the battle of Hsuchow. Their grand strategy for the present consists in drawing out and pinning down large bodies of government forces and wiping out small scattered isolated government units in the hope of weakening the National Army.

4 Key Cities Menaced

In coordination with the heavy fighting in southern Shantung the Reds are now threatening four provincial capitals in North China, these being Paoting, Kaifeng, Taiyuan and Tsinan. Besides, scattered Communist guerrilla bands are reported to be actively seeking to cut the land communications between Peiping and Tientsin. The invasion

of Anhwei by Gen. Liu Po-chen's troops and the reported appearance of Gen. Li Hsin-yen's guerrilla bands in the Tungting Lake area of Hunan indicate that the Communists intend to carry out nuisance raids even far in the rear of government troops.

Although the center of battle seems to be in southern Shantung, who can say that the Communists will not mass a formidable force elsewnere and launch a big offensive when they are convinced that the main body of crack Government divisions is pinned down in southern Shantung?

Intervention Feared

The Chinese are looking forward to the forthcoming Foreign Ministers' Conference with mixed feelings. To some, the Moscow Conference is a nightmare; to others it is a source of hope. Government leaders are reportedly worried lest the Big Three take any "unwarranted action" to the detriment of Nanking. Inspired articles in the controlled press have already raised a hue and cry against the danger of "international intervention" in China's domestic affairs.

The other evening I had the pleasure of hearing at a dinner party a top government man lecturing a group of prominent bankers and industrialists on the nice distinction between "mediation" and "intervention." A conservative Chekiang banker was saying with impatience: "Now that things have come to such a pass, why not let the Big Three step in and do something about it?" He was cut short by the Government man. "You don't understand, man," he told the banker, "there is a lot of difference. You simply don't realize it. The offer of the United States' good offices in clearing up China's internal mess was an unselfish and disinterested act of mediation. Joint American and British action is arbitration. Any Big Three demarche on the part of the United States, Great Britain and the Soviet Union is downright intervention. Who is so low as to welcome international intervention in his country's internal affairs?"

March To Be Decisive

On the other hand, some newspapers and other publications seem to think that as single-handed United States mediation has failed, it might prove a blessing in disguise if the Big Three could really work out some practical formula for ending China's civil war and setting up a genuine democratic government.

That the Moscow conference will discuss the China problem is a dead certainty. As a matter of fact, the dramatic abandonment of United States mediation and the announced withdrawal of United States armed forces in China are in a certain sense smart moves on the diplomatic chess board to strengthen the position of the United States at the forthcoming Moscow Conference of Foreign Ministers.

For China, March will be a decisive month.

Mr. F. L. Davidson of E I. DuPont de Nemours, returned from a short business trip to Hongkong last week.

100,000 Books Already Gathered For National Roosevelt Library

By YEN WEN-YU

(EDITOR'S NOTE:—The author is a graduate of the Library School of Columbia University, had been librarian of the National Peking University and National Southwest Associated University for many years and now is serving as member of the Planning Committee and Executive Secretary concurrently of the National Roosevelt Library.)

DURING the sixth plenary session of the Kuomintang held in Chungking in March 1945, a resolution was passed to establish a national library to the memory of the late President Franklin Delano Roosevelt of the United States of America. This project received the prompt approval of the authorities concerned. Following the surrender of Japan in August of the same year, the Government was preoccupied with its rehabilitation programs. As soon as the immediate task of the return to Nanking was approaching completion, the Ministry of Education took steps to initiate work on this new national library under its administration.

A Planning Committee for the library charged with the duties of the formulating of policies and appropriating of funds during its preparatory stages has been functioning. That so many prominent government leaders, celebrated scholars and professional experts have come to serve on this committee bespeaks the important position the authorities accord to it and promises it a bright future. The location of the library is to be in Chungking, the wartime capital. Considering that it will thus be enabled also to commemorate China's part in World War II and to provide for that part of the country a center for research work, the disadvantage due to its being distant from the coastal cities is outweighed by the aggregate advantages. There are two sub-committees under the Planning Committee, one in charge of buildings and the other looking after acquisitions of the library. Already there have come into the library's possession some 100,000 volumes, both Chinese and Japanese.

Purpose Threefold

The purpose of the founding of the library is threefold: It will perpetuate the great name of President Roosevelt and stand as an enduring monument that betokens the Chinese people's love and reverence for him. A traditional friendship has existed since the days of John Hay between America and China, and the close ties were greatly strengthened by President Roosevelt. This library bearing his name will, it is hoped, serve as a medium whereby mutual understanding, appreciation and cooperation between the two nations will be greatly enhanced.

The horrors of war have bitten deeply into the consciousness of peoples the world over. The necessity of maintaining permanent peace has become the most urgent issue of the day. President Roosevelt's ultimate aim in winning the war was for world peace and security; and the Chinese people's love of peace is implanted by nature. Therefore, this library must needs serve also for the cause of peace.

The library aims to become an important repository for books and source materials on subjects pertinent to the purpose for which it is established and a research center in its field as well. All available works on President Roosevelt and those written by himself will be collected and preserved. Literature on Sino-American relations is to be acquired. Books, serials and other printed matter dealing with the problems of peace will find a logical place in this library.

Reference Library

Equal attention will be paid to securing all the representative works in Chinese and foreign languages with a view to answering the needs of both Chinese and foreign scholars and students. Broadly speaking, this library will concentrate on the social sciences and humanities. To facilitate the use of these collections, such services as compilation of bibliographies, indexing and abstracting will be taken up as part of the library's routine.

It is evident that this library will be first and foremost a reference library dedicated as a memorial to President Roosevelt. Yet to limit its activities only to academic and governmental circles will in no way realize to the full ends for which it is established nor the usefulness of the library as a constructive molding influence. President Roosevelt endeared himself to the Chinese people; at present the need of modern library services in China is still an acute one. So there is no incongruity of purpose in having this library embody some of the features of a public library at the same time. There will be found in the library, therefore, also collections catering to general demands. Similarly, part of its service to readers will be the kind that is common to all popular libraries.

President Roosevelt was a true friend of all of the United Nations. This library, though an institution founded in honor of a great American by the Chinese Government, will never fail to make the international contacts which it must have. In fact, in order to make it a memorial worthy of the name it bears, cooperation on the part of governments, societies and institutions abroad must be solicited. The building of this library is a project which is close to the heart of the Chinese people. During its progress, it is hoped that all its sympathizers will lend to it such assistance as it deserves.

Lunghai Railroad A Public Curse; Fatal Accidents Commonplace

By DUNCAN C. LEE

(Special Correspondent, The China Weekly Review)

Kaifeng, January 24.

ALTHOUGH Honan has suffered various misfortunes over the past decades, it should be proud in the thought that through it run two of China's main railways—from the coast of the Yellow Sea to the mountainous and pastoral province, and from the cold north to the warm south. The Lunghai (Lienyun-Lanchow) Railway, covering a distance of 1,600 kilometers (at present only the Hsuchow-Tienshui section is in operation), brings sea delicacies and manufactured and imported goods from China's big industrial centers to Honan, Shensi and Kansu provinces, reloading in exchange fur, wool, Chinese drugs and cereals.

This railway intersects the Peiping-Hankow Railway at Chengchow, Honan's communication and commercial center. The latter traverses 1,321 kilometers to join the Hankow-Canton Railway at Hankow. A bird's eye view of this province will show these two railways forming a perfect cross. As a cross they symbolize a blessing, and at the same time the deaths of countless persons.

Early History

In the dark days before the Northern Expedition of the Revolutionary Army, when China was split up into numerous portions by avaricious warlords, those living near the railroads fell first victims to the sanguinary strife. In the early stages of the Sino-Japanese war the Central Government saw strategically fit to tear up the section of the Peiping-Hankow Railway in Honan. Then the Lunghai Railway was the only rail-communication line left in free Honan; the eastern and northern parts of the province were taken by the Japanese.

It will be recalled that during the 1942-1943 famine, when an unprecedented number starved to death, the Lunghai Railway aided in the evacuation of hundreds of thousands of refugees to Shensi, thence to Kansu and Sinkiang. It served the Honanese equally well when the Yellow River was diverted in 1938 at Huayuankow, Chungmo, to the southeast, taking a great toll. The Lunghai carried many survivors to safety before the Chengchow-Loyang section was torn up, due to the unfavorable military situation.

V-J Day practically restored the segmented Lunghai to one line again, but it has become a public curse. It has earned the name of "Traveler's Execution Ground," popularly bestowed upon it.

Whoever has traveled this railroad has had shocking experiences. The potential traveler will have his first bad encounter in trying to get a ticket, unless he is prepared to obtain it from profiteers at black market prices. It is very difficult to buy a ticket at the ticket office. Most likely after one has sweated and jostled among the ticket buyers for a great length of time, the train will have gone.

The successful traveler must be prepared to accept with endurance and resignation intolerable tortures; he must be prepared to cope with the accidents which may befall him at any moment. After struggling with his fellow-passengers to get on board, he may find lots of persons, young and old, huddled on the roofs of wagons or standing on the iron stairs outside, exposed either to the scorching sun and torrential rains of summer, or to the scathing cold wind and heavy snows of winter. Women and children are often crying, driven beyond endurance. What is worse, this crowd may be killed when the train swerves suddenly or passes through the tunnels west of Chengchow.

The troubles and distress, wickedness and weakness, fortune and misfortune, laughter and wailing of this world can be observed on almost any trip along the Lunghai line. It is exasperating, but one can only bestow upon the sufferers a sympathetic glance.

Accidents Commonplace

The most frequent accidents are derailments. A particularly tragic occurrence was that of September 8, 1946, when the westbound train, pushed and pulled by two engines, was derailed on a 400 meter bridge across a dry riverbed near Chaokow, Shanchow. Three hundred were killed and many injured.

Under the pretext of preventing false claims to the victims' belongings, the stationmaster and railroad policemen on their arrival permitted no one to go to the rescue of those who might have been saved by prompt medical care. But they reaped in the confusion nearly CNC$1,000,000,000, according to local news accounts. Later arrivals found a dreadful scene of carnage; most of the victims were no longer recognizable.

Indignation and resentment were aroused by this and other accidents and rackets, regular features of the Lunghai Line. The Honan and Shensi Provincial Councils led a violent attack on Lu Fu-ting, then director of the Lunghai Railway Administration. Though Lu was forced to resign, no severe punishment was meted out to him. The victims' families then jointly brought the case before the Honan High Court. After a systematic and careful investigation, the Court published a report and summoned Lu, who however, did not respond. Warning was sent that if he did not attend he would be sought out and arrested. Still no reply has been received.

135 Kilometers Blown Up

It must be recalled that in August, 1946, when a section of 135 kilometers of the railway east of Kaifeng was dynamited by the Communists, 35 days of heroic and intensive effort closed the gap. Wu Shien, then assistant director, after making an inspection tour along the line is reported to have said:

"It is a fact that we have been much to blame, but we face many insurmountable difficulties. Military affairs are responsible for train delays and derailments in most cases. Besides, this line which has rendered great service in peace and war, military and civil, is poorly financed and badly supplied due to lack of construction materials, though rehabilitation is in dire need of rail-communication. Now, our 24,800 employees are suffering from being badly underpaid and the line shows a monthly deficit of CNC$3,300,000,000; expenditures are CNC$4,800,000,000 against a total income of CNC$1,500,000,000."

Lu Fu-ting was succeeded by Mo Heng, who made a desperate effort to put the line in order. A grand bridge was built across the new Yellow River to put an end to unnecessary delay and ferry accidents. A special express train called the "Huashan" ran once a week between Hsuchowfu and Sian.

But a few months of the new director's management has made no striking improvement. Accidents still occur; various forms of rackets and corruption still haunt the railway. Its trains are as slow and uncomfortable and unsafe as before. It is regrettable but Mo Heng seems to be falling headlong into the same pitfalls as his predecessor.

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300,000 To Benefit From Relief Air-Dropped In Red East Hopei

By S. E. SHIFRIN

(Special Correspondent, The China Weekly Review)

Tientsin, Jan. 29.

SOMETIME last September Mr. Randall Lewis, of UNRRA, conducted a survey in East Hopei, part of the Communist Border Region. He found that people of the region had suffered greatly during the Japanese occupation. A high percentage of the houses in the area was in ruins, the population's means of livelihood were largely destroyed and 50 percent of the population was desperately in need of clothing, with no padded garments prepared for the winter. With winter approaching the outlook was grim for the people of the region. After the battle for Kalgan, Communist units and some civilians withdrew to the vicinity of Fuping, a town in the area, 140 miles west of Tientsin. This added displaced persons to the list of those who needed relief.

More than three months later, CNRRA, acting on an UNRRA recommendation, came through with the first relief it had extended to people of Communist-held East Hopei and part of Shansi in the 14 months of its operation in North China. With battlefronts criss-crossing the vicinity and the bad state of roads making it impossible to get relief quickly to where it was needed, the final decision was to use Marine Corps planes for air-dropping the supplies.

After approval of the plans by UNRRA and CNRRA headquarters in Shanghai, it took months to straighten out the details. Negotiations proceeded through Peiping Executive Headquarters with Communist Commissioner General Yeh Chien-ying and Central Goverament Commissioner General Cheng Kaiming handling the decisions at high echelon levels.

For the Marine Corps final word rested with Admiral Charles M. Cooke Jr., Commander-in-Chief of the Seventh Fleet, stationed at Tsingtao. There were delays, with weather getting colder every day and observers wondering whether the air-drop would come off.

The negotiations were kept secret all through and it was only through a scoop by one of China's nationally known newspapers that news of the plan to use Marine planes for dropping relief supplies over East Hopei leaked out to the general public. It is understood that one of the last obstacles was the question of assumption of liability in case one of the planes was damaged and its crew members injured.

The final arrangements provide for two flight corridors of specified dimensions along which approach would be made and of which Communist troops stationed in the area had been notified. The Central Government agreed to keep its planes out of the area during the air-drops. In case of a forced landing all possible help was to be extended by the Communists to facilitate return of the crew to their stations.

With the green light switched on, the first official announcement was made through a Marine Corps PIO release, giving details of the air-drop. On the morning of January 28, two Marine Air Wing Curtis Commandos, flown in from Tsingtao for the job, took off from the Chang'kweichuang airfield here carrying a total of 15,000 pounds of relief supplies. Within two hours the first loads reached the relief organizations in the target area of Fuping, for the time being the only distribution center.

Scheduled to be on the spot to control and supervise distribution of the relief supplies by CLARA were one UNRRA and one CNRRA observer dispatched through Paoting, and due to bad roads using donkey carts to reach the area.

At the time of writing news has been received by UNRRA through the Peiping Executive Headquarters that 1,000 persons in the area have already benefitted from the air-drop. The bulk of the 1,000,000 pounds of supplies to be air-dropped is composed of used winter clothing donated by the people of the United Nations, 90 bales of new blankets, new padded garments made in Peiping, and American Red Cross field medical chests to be parachuted down.

At the planned completion of the air-drops sometime in mid-February 300,000 civilians, out of a total of estimated 5,000,000 in need of relief, are expected to be outfitted with winter garments. Each person is entitled to one heavy garment or two light garments—for instance, trousers and jacket.

Twilight Of Vice

III.—"BLACK MAGIC."

By PAO YUE

SOME 100 odd years ago the first shipments of opium to China from India were brought in British ships. But more than 100 years before that the evil magic cargo had been introduced in this country by the Arabs and then by the Portuguese. By the time of the first delivery of 50-tael balls of the Calcutta or "da tu" product by the East India Company, the demand for this drug had been well established in Chinese ports—especially in Canton, Macao, Swatow, Foochow, Amoy and Shanghai. All of this is history.

In "The Romance of the Three Kingdoms" reference to opium or hashish is made only as to a medicinal drug. Clearly, it was not smoked in those days.

In Western literature of the 19th Century, on the other hand, the smoking of opium is frequently described as a characteristic "couleur locale" of the exotic Orient, particularly of China. Whole books sometimes have been dedicated exclusively to opium smoking, such as the novels of Claude Farrer.

The drug is mentioned in almost all treatises on China of the late 80's and 90's. Among them we find the remarkable book by Dr. Parkes, the American missionary who started the first large scale anti-opium campaign. He enlisted the aid of the great body of medical missionaries of all nationalities and of non-missionary foreign doctors in China. Soochow was the center of this international anti-opium movement.

Missionaries and medical men were invited to comment on the evils of opium smoking, according to their own personal experience. They were invited also to join in issuing an appeal to foreign ministers and their governments to prohibit the further export of opium to China. More than 100 doctors, among them Dr. Anne Walter Fearn, Dr. Mary Stone and others, replied to special questionnaires, all strongly deploring opium smoking as a most serious threat to the health and well-being of the people. All agreed that something ought to be done to stop its further penetration into this country.

At first these efforts produced little effect, but gradually more and more indignant voices—foreign and Chinese—joined in the protest, until the importation of opium from India was finally prohibited soon after the end of World War I. But this alone did not stop the opium habit in China. On the contrary, by that time, 1919, domestic production was replacing the imported quality.

Opium produced in Yunnan Province (called "yun tu") was soon topping the list in popularity, that of Szechuen ("sze tu," "siao tu," "mo di tu," etc.) was second, while qualities grown in Manchuria and North China were third and fourth, respectively. The last imports of Assyrian (or "pi-i tu") opium came to an end in the autumn of 1922. Later, with the establishment of the Kuomintang government and the inauguration of the New Life Movement (1932-1937), the production and consumption of opium was officially outlawed and a campaign of suppression was firmly developed.

The outbreak of the Sino-Japanese war in 1937 nullified all previous anti-opium efforts in those territories occupied by the Japanese. Freely encouraged by the Japanese the spread of the evil habit achieved unprecedented proportions. It was the Japanese policy to re-introduce the opium habit in China in order to sap her vitality the more easily to enslave her. This diabolic scheme was not destined to succeed.

NEWS OF THE WEEK

Generalissimo Visits Front Lines; Executive H.Q. Awaiting Orders

PRESIDENT Chiang Kai shek, after paying a one-day visit to Hsuchow, scene of intense military activity, returned to Nanking only to undertake an inspection trip to Chengchow, rail junction of the Peiping-Hankow and Lunghai lines. He is reported to have conferred with Gen. Ku Chu-tung, commander in that area, for two hours.

Observers in Nanking interpreted the Generalissimo's personal visit to the civil war front lines as indicative of the proposed stepup in the Nationalist offensive against the Communists in Shantung, which has been on the increase ever since Gen. George C. Marshall left for the United States.

Prior to the Generalissimo's visit, General Chen Cheng, Chief of the General Staff, made a personal tour of front line positions, reportedly briefing commanders on the plan of operations.

The Executive Headquarters' personnel and the U.S. Marines in North China were awaiting the final word to start for home, following the American announcement of its withdrawal from China mediation and the Chinese Government's official announcement of the dissolution of the Committee of Three and the Executive Headquarters.

The Peiping-Tientsin railway was twice attacked and severed by the Communist guerrillas within the week and Marine circles complained that the Reds were delaying their withdrawal now that they were "practically ready to go home."

In Washington, the House Foreign Affairs Committee unanimously rejected a resolution put forward by Representative Edith Nourse Rogers, (Rep., Mass.), calling upon Secretary of State George Marshall for more information on the withdrawal of U.S. troops from China. The Committee indicated that such a resolution was unnecessary because the Secretary had made it clear that America's "basic policy towards China would remain unchanged."

Earlier in the week, Representative Mike Mansfield (Dem., Mont.), urged President Truman to convene a Big Four Conference to attempt a settlement of China's civil war.

Mansfield suggested that the President request the representatives of Britain, the Soviet Union and China join the United States in trying to settle the prevailing stalemate between the Kuomintang and Communists.

Mansfield, who is a member of the House Foreign Affairs Committee, made this suggestion in a speech before the House of Representatives.

American businessmen in China, exasperated over prevailing conditions, have appealed to the U.S. State Department to intervene on their behalf against what they charge is a concerted drive to force them and other foreign interests out of major lines of enterprise in China.

Among other charges were prominent the alleged practices of discriminatory allocation of import quotas, based on "family or political relations," and pressure applied by the so-called "favored families" firms forcing manufacturers to transfer dealer agencies.

On the whole, these American business interests charged that the present policy followed here prevents the importation of vital materials and equipment needed for China's reconstruction, all covered by contracts blockaded by lack of import licenses.

"We have no quarrel with the import licensing system. But if favoritism is applied and power politics in business is to be the rule ...we might as well know it now," these American interests declared.

Subsidies To Be Given Exporters

DR. T. V. Soong, President of the Executive Yuan, announced in mid-week the creation of a board for the development of China's waning export trade and the inauguration of a system of subsidies to Chinese exporters. The ruling is effective immediately and according to the new system the exporter will surrender his U.S. dollars at the official CNC$3,350, but will receive a "bonus" equal to that amount, which would bring the selling price of his greenbacks to CNC$6,700. A 50 percent *ad valorem* surcharge on certain imports will create the subsidy fund.

"I'LL TRY IT STEP BY STEP THIS TIME"

—Bishop in The St. Louis Star Times

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POLAND

WHEN Dr. Josef Winiewicz, new Polish Ambassador to the United States, presented his credentials to President Harry Truman, the latter took occasion to stress that "it was a cause of deep concern to the American people that the Polish Provincial Government has failed to fulfill the pledge to hold free elections."

This charge was made in the President's reply to the Ambassador's formal statement.

However, the fact that the President accepted the envoy's designation as Ambassador of the Republic of Poland, indicated that there was no imminence of the breaking off of diplomatic relations with the Polish Government because of the manner in which it conducted the elections.

• • •

DISARMAMENT

FOLLOWING the more than two-week long negotiations which so far have led to nothing in the way of procedure on the work of the Security Council for disarmament, Warren Austin, United States delegate to the Security Council, proposed a compromise scheme, outlined briefly as follows:

(1) The establishment of a Disarmament Commission;
(2) The creation of a special committee to study terms of reference proposed by members; and
(3) The consideration at the next meeting of the Atomic Energy Commission's report.

In presenting the compromise plan, Austin declared that while the United States is committed to collective security, it must insist that in any plan for disarmament, practical security arrangements must be a prime consideration.

He called for "definite concrete assurances that effective and enforceable safeguards of such security have been established before committing themselves to final plans for the reduction of armaments and armed forces."

Austin said that the United States had a "bitter experience" of unilateral disarmament after World War I and "will not repeat this error."

Andrei Gromyko, Soviet delegate, replying to the American proposal to create the commission, pointed out that Russia had proposed to create just such a commission last December, but opposed the creation of a special "reference committee," as being "quite unnecessary." He said that the General Assembly regulations had already established the work program of this commission and the extra Committee "would only delay the work on disarmament."

As regards safeguards, Gromyko declared that if the United Nations Charter were insufficient guarantee against agggression it would be best to start all over again.

China's Civil War

As Reported Day By Day In The Press

January 29, 1947

THE Battle of Hsuchow has commenced in earnest, with the Communists starting a giant pincer movement converging on the city, *Central News* announced in Nanking. Three columns under Gen. Liu Po-chen have succeeded in crossing into Honan province and have captured Ninling, 133 miles to the west of Hsuchow, the agency said.

Communist units have also reached the vicinity of Tangshan, railway station 45 miles west of Hsuchow, *UP* wired from Nanking.

At the same time, the eastern pincer arm is heading for Tancheng, 70 miles to the north of Hsuchow, but the Nationalist capture of Tsaochuang has discounted much of the power of this drive, *UP* said.

General Chen Cheng, Commander in Chief of the Nationalist General Staff, is still in Hsuchow, personally directing operations against the Reds. Gen. Chou Chih-jou, commander in chief of the Air Force, is also in Hsuchow coordinating the air support for Nationalist forces.

* * *

January 30, 1947

Communist troops have captured Tinghsien, on the Peiping-Hankow line, 125 miles south of Peiping, Government sources acknowledged today, according to *AP* in Peiping.

Central News admitted the capture by the Reds of three towns around Paoting —Suishui, Wantu and Mancheng.

The general who recently went over to the Government forces and took with him an estimated 15,000 soldiers — Gen. Ho Peng-chu—was reported by *Central News* to be threatening the Red rear at Linyi, in southern Shantung. The *Hsin Min Pao* claimed that the Communists were preparing to withdraw northward.

Communist guerrilla detachments took Anting on the Peiping-Tientsin line and held it for 11 hours, according to *UP* from Peiping. This report aroused concern among the families and dependents of the Americans who were preparing to evacuate the city following the American announcement of cessation of mediation in China and withdrawal from the Executive Headquarters at Peiping.

* * *

January 31, 1947

Traffic on the Peiping-Tientsin line was resumed 24 hours after the town of Anting was seized by the Communists. Armored train reinforcements engaged the attackers who withdraw after holding the station for 11 hours and ripping up the rails for 100 yards, *AP* wired from Peiping.

About 6,000 Communists are estimated to have taken part in the attack on Anting.

Hsinlo, 52 miles southwest of Paoting, was lost to the Communists who had earlier taken Hsinan, 14 miles north of Shihchiachuang.

Civil war flared up in Honan province with Kaifeng under threat of Communist attack, *AFP* reported from Nanking. The Kaifeng municipality proclaimed martial law for an unspecified period and ordered the erection of defense works, according to the *Hsin Min Pao*.

* * *

February 1, 1947

Traffic along the Peining railway was disrupted once again as 6,000 Red guerrillas attacked Weishanchuang, after capturing 10 villages in the vicinity, *AP* reported from Peiping.

The Communists were said to have cut the barbedwire defenses of an airfield at Nanyuan, a U.S. Marine and Chinese Air Force base near Peiping. Two battalions of Government troops repulsed the attackers, according to the *Hsin Min Pao*.

Reds Not To Recognize Post PCC Pacts

THE Central Committee of the Chinese Communist Party issued a communique on February 1, 1947, stating that the Communists will consider as invalid all pacts entered into by the KMT Government with other foreign powers after January 10, 1946 and not approved by the PCC and other political parties, AFP reported from Nanking. "As long as China does not have a really democratic Parliament....these (treaties) cannot come into force unless they have been approved by all political parties," the communiqué declared.

February 2, 1947

The battle of southern Shantung has started in deadly earnest, *UP* reported from Nanking. A powerful Nationalist offensive, planned and directed by General Chen Cheng, Chief of the General Staff, in person, was launched on a 50-mile wide front, directed against the Communist stronghold of Linyi, 72 miles northeast of Hsuchow.

Generalissimo Chiang Kai-shek spent the major part of the day in Hsuchow, having flown from Nanking on an inspecton visit early in the morning.

* * *

February 3, 1947

The Nationalist armies were closing in on Linyi, Communist stronghold in southern Shantung, when three well-equipped Government columns advanced the city after capturing Tafow, eight miles from Tancheng, 30 miles south of Linyi, *Reuter's* reported from Nanking.

In southwest Shantung, Government troops are still holding Kinhsien, Tsining and Hotze, but have evacuated Tanhsien, Tsaohsien and Tingtao.

* * *

February 4, 1947

The Nationalist forces were approaching Linyi, Red provincial capital in Shantung, and the Communist position was reported as "tottering" by *Central News*. Gen. Chen Yi has moved his headquarters 50 miles north, the Government agency said.

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Gold Bars, U.S. Dollars Resume Climb, Gain 17% In 4 Days

ALL quotations rose during the week under review. In the gold bar market, quotations advanced from CNC$4,050,000 on Saturday, February 1, to CNC$4,700,000 on Tuesday, February 4, while American bank notes reached CNC$8,400, gains of 17 percent.

Many reasons were given for this increase, including (1) impending revision of the foreign exchange rate; (2) rapid decrease in the gold stocks of the Central Bank of China; (3) high gold prices in outport cities; and (4) the concentration of idle capital in Shanghai. Large sums of money have been remitted here from Hongkong, Tientsin and Chungking although the remittance fee has been increased to CNC$85 per CNC$1,000.

In addition to the above-mentioned reasons, the most important causes for the increased gold rate included (1) the increasing instability in different parts of the country as a result of the expansion of the civil war; (2) the increasing anxiety of the people in the outports regarding the report that American troops will be withdrawn; and (3) the comparatively low price of gold in relation to commodities.

20,000 Bars Sold In Week

The Central Bank of China has not sold as many gold bars as people seem to have expected, which also contributed to the rapid increase in gold prices. During the week ended February 1, the Central Bank sold almost 20,000 bars in the local market, calling in CNC$89,000,000,000 cash at the following quotations:

		CNC$
Jan. 27	.. 3,442 bars at	3,960,000
„ 28	.. 1,990 „ „	3,860,000
„ 29	.. 2,740 „ „	3,900,000
„ 30	.. 400 „ „	3,950,000
„ 31	.. 800 „ „	3,950,000
Feb. 1	.. 1,340 „ „	4,080,000

In addition, the Central Bank sold a total of more than 9,000 bars in the black market.

Commodities Strong

In the commodity markets, the general trend was also firm. First and foremost, the most important staple food — rice — has risen to CNC$100,000 per picul. Prices for cooking oil, sugar, vegetables and fuel have all increased during the past week.

In an attempt to hold down the price of rice, the Bureau of Social Affairs started the sale of Saigon rice at official prices. However, because of its poor quality, there has been very little demand for Saigon rice. The authorities, firmly determined to force down prices, will soon sell Wusih rice in the local market and this is expected to bring it under control. In a statement to the press, Mayor K. C. Wu declared that there are sufficient rice stocks in town to last the city till August.

Prices of many imported goods increased as import licenses continued to be very difficult, if not impossible, to obtain. For instance, the price of newsprint increased from CNC$25,000 to CNC$65,000 per ream during the past week as it was officially indicated that only very limited quantities are to be imported. All newspapers in Shanghai are to be required, from February 16, to reduce their size to three single sheets (six pages) despite their recent increases of subscription rates.

Cotton Yarn Soars

Although trade in yarn and cloth has not been controlled since January, prices quoted by the China Textile Development Company have been increased a number of times during the past few weeks. Prices of yarn and cloth advanced all the more during the last few days because of the report that cotton yarn in Siam and other South Sea islands is as high as CNC$6,000,000 per piece, which is more than double the local market price. Many merchants, especially the Cantonese, rushed to buy for shipment to the South.

Judging from the present situation, the firm trend is likely to continue for some time as no measure has been taken by the authorities to hold down the quotations in earnest. The one measure which deserves special mention is the inauguration of the Export Development Committee on February 4 with Dr. T. V. Soong as Chairman and Mr. Tsuyee Pei as Secretary-General. It is expected that this committee will encourage and facilitate the export of native products so as to obtain foreign exchange for the country. On the other hand, it seems that the government has tightened all the more the control on imports so as to conserve as much foreign exchange as possible.

The following table gives the quotations of some of the leading commodities:

	Jan. 18 CNC$	Feb. 1 CNC$
Gold Bars	3,850,000	4,080,000
US$ Notes	6,550	7,750
Bond C	2,050	1,990
Wing On Textile	735	832
Ewo Cotton	8,500	8,750
Rice	69,000	87,000
Wheat flour	27,800	44,500
Peanut oil	135,000	168,000
20's Yarn	2,450,000	3,050,000
Raw silk	5,000,000	5,600,000
Artificial silk ..	4,350,000	3,800,000
Ruby Queen cigarettes ...	23,000	24,000
Koo Ban soap .	108,000	149,000
My Dear matches	920,000	1,250,000

GEN. GEORGE C. MARSHALL, U.S. Secretary of State, assured the House Foreign Affairs Committee that "complete cooperation in carefully screening personnel and getting rid of communists and other undesirables" within the State Department, would be forthcoming.

U.S. Gains In Rivalry For Middle East Oil

THE recent conclusion of an agreement between the Anglo-Iranian Oil Company and American companies governing the construction of an oil pipeline from the Persian Gulf to the Eastern coast of the Mediterranean is interpreted in some quarters as a definite gain for the U.S. in the rivalry for oil in the Middle East. British sources have expressed satisfaction at the agreement, saying that it is also to benefit Britain. French commentators have been critical of the deal.

One of the main reasons for the signing of the agreement has been the discovery that American firms in Saudi Arabia own a pool of underground oil said to be as vast as the reserves in the continental United States.

U. S. Gains

The American magazine *World Report*, for instance, interpreted this event as a definite achievement for American interests which has given them stronger positions "to compete with British-Dutch oil interests," both in the oil fields and in the markets of Europe and North Africa.

The journal said that "American ownership of a huge oil pool in Saudi Arabia gives the US oil business a place in world commerce on a level with the place the US Government holds in world affairs. The Arab world becomes more than ever an American frontier."

The pool is estimated to contain at least 20,000,000,000 barrels of oil. This is located on the 60-year concession granted by King Ibn Saud to the Arabian-American Oil Company, which covers more than 350,000,000 acres of land.

Portion Explored

At present, the company has exploited only a fraction of this territory and production is about 200,000 barrels daily, 70 percent of which goes directly to the United States Pacific Fleet.

Under the present plans the participation of American companies in the oil of this area will be as follows: Standard of New Jersey to control 30 percent, Texas 30 percent, Standard of California 30 percent and Socony-Vacuum 10 percent.

The joint company will build the 1,200-mile long and 26-inch wide pipe line from the Persian Gulf to the east coast of the Mediterranean. More wells will be sunk to increase output above the present level.

To Get Support

It is said that the U.S. State and War departments favor the wider spread of oil ownership and would evidently offer firmer political support if ownership of the Saudi Arabian Oil is held by more than two companies.

From the Saudi Arabian side, the King collects 23 cents royalty from every barrel of oil pumped from his kingdom, which is a lot of money when more than 200,000 barrels are pumped daily.

BUSINESS FOOT-NOTES

Chinese shipping circles have expressed dissatisfaction with the policy of the Government whereby coal from Chinwangtao was brought here by foreign vessels. They pointed out that inasmuch as the freight is US$6 per ton, an approximate US$1,200,000 worth of foreign exchange is spent monthly for the transportation of 200,000 tons. Dr. T. V. Soong has agreed to cease chartering foreign vessels, according to the *Fei Pao*. Four private Chinese shipping companies have already started the transportation of coal here. The China Merchants also will send five vessels to haul coal between the North China port and Shanghai. The freight has been set at CNC$35,000 per ton, according to the *Fei Pao*.

* * *

Railroad tracks and carriages formerly used on the military line linking the USSR with Iran during the war, have now been transported to China by UNRRA, the *Chung Yang Jih Pao* reported. Large numbers of locomotives and other equipment have been sent to Hongkong to be used on the Canton-Hankow line, the paper said. The equipment is said to be in good condition.

* * *

The International Bank for Reconstruction and Development reported that its net capital as of December 21, 1946 totaled US$7,789,942,819.61. The report said the bank's assets were US$7,790,-172,628.61, and liabilities US$229,809. The report was submitted to the bank's 40 members and stated that during the last quarter of 1946 the subscribed capital stock of the bank increased by US$120,-500,000 as the result of the subscriptions of France, Colombia and Venezuela.

* * *

The tax on rolled tobacco was increased last week on an average of from 20 to 30 percent, made in accordance with the Government policy of raising the cigarette tax by gradual stages. This measure is expected to increase the monthly collection of this levy by approximately 25 percent. As a result of the restrictions on the importation of foreign cigarettes, the production of local tobacco factories has shown a marked increase.

* * *

Japan requires the importation of 1,-600,000 tons of food in order to avert another food crisis this year, SCAP officials said in Tokyo. This is more than double the 700,000 tons of foodstuffs imported into the country last year. The months of May, June and July, between harvests, are the critical food period in Japan.

* * *

Reparations from Germany—mainly machine tools—are beginning to arrive in Australia, Prime Minister Joseph Chifley announced in Canberra.

* * *

A manifesto denouncing British attempts to revive their shipping in China was issued here following the joint emergency meeting held by the Shanghai Chamber of Commerce, the Shanghai Steamship Companies' Guild and the Chinese Seamen's Association, *Central News* reported. The manifesto urged the Government to refuse flatly any British requests to open Chinese inland and coastal navigation to British ships.

* * *

The China Merchants' Steam Navigation Company is planning to start a line between Shanghai and Calcutta and also one between this port and Guam, the *Shang Pao* said. Officials of the company said the Shanghai-Calcutta line, via Singapore and Rangoon, may start functioning around February 10, while the Guam line is scheduled to be inaugurated by the end of the month.

* * *

The USSR Research Institute of New Fiber Crops has developed a variety of jute formerly imported from abroad, *Reuter's* cabled from London. This variety grows well in Central Asia and its harvest yield is nearly equal to that of Indian jute, the report said.

* * *

The cost of living in the United States has begun to show a slight decline, *UP* reported from New York. CIO economists said, however, that it must decline much more before the labor unions will relax their wage demands. At present food prices have declined more than other items. Estimates are that by the end of this year the overall living index will be 10 percent below that of December 31, 1946.

* * *

The entire Chinese staff of the Escompto Maatschapij Bank in Batavia resigned in protest against "racial discrimination" regarding salaries, AFP cabled from the N.E.I.

* * *

The inflation of the yen reached a new high last week with the issue by the Bank of Japan topping the Yen 100,000,-000,000 mark. A carton of American cigarettes was reportedly selling for Yen 1,000 on the black market—US$66 at the military rate of exchange.

* * *

The export duty on Ceylon tea was raised to 38.15 percent per pound last week, according to reports from Colombo. Other export duties have also been affected, while the export duty on rubber has been reduced by 2.5 rupees to 0.75 rupees per pound.

Old China Hands

Among the passengers slated to arrive on the next trip of the General Gordon is Kenneth W. Johnstone, vice-president of the Shanghai Telephone Company, who is on his way here from the United States.

American President Line's Mr. J. M. Major has embarked on that company's liner President Jefferson. After four months stay in Shanghai this time, Mr. Major is once more returning to his native California, due to poor health.

Aboard the same ship are two old Shanghai residents heading for Hongkong. Mr. R. A. Kreulen, who has been in the insurance business here for many years, is one of them. Mrs. Ann Healey Paxton is also on her way to Hongkong for a few days.

John J. Muccio, who was an administrative consul in Shanghai in the early 1930s and who also was stationed at Foochow, is back in Washington with the Department of State. He was only recently recalled from Berlin, where he was connected with the Office of the Political Advisor.

George Atcheson, who has been stationed off and on in China ever since the 1920's with the United States Foreign Service, is in Washington on consultation. He is expected to return soon to his position as advisor to Gen. MacArthur in Tokyo.

Dr. E. Reifler, Professor of Sinology at Aurora University, has inaugurated courses in Chinese for foreigners which are to be conducted after office hours at the University. Dr. Reifler has developed a method of teaching based upon the technique normally employed in teaching Western languages, which is expected to facilitate the task of Western students.

A daughter was born to Mr. and Mrs. E. Kedar Bryan on January 14. Mr. Bryan is with The Texas Co. (China) Ltd. On her father's side the baby's grandfather and great grandfather were born in China. Her grandfather is Lawyer Robert T. Bryan of Franklin & Bryan.

Mr. Eric Schmidt, connected with Keenad Inc. before the war and presently with the Foreign Liquidation Commission, has returned to Shanghai from a holiday trip to the States, where he visited his parents.

Mlle. Claude Bouvier, popular Shanghai debutante and daughter of M. and Mme. F. Bouvier, was married in Paris to M. Jacques Portes on January 16.

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What U.S. Papers Say . . .

LAST week American papers commented on events in China, stating that no basic change has occurred in U.S. policy toward China, and at the same time urging liberal reform in this country.

* * *

REFORM

THROUGHOUT American newspaper editorial comment was evident the emphasis on the need for liberal reform in China.

Most of the editorials stressed that the withdrawal of the United States from the Committee of Three in no way signifies that the U.S. has abandoned hope that Chinese internal strife can be resolved nor does it in any way lessen the long-standing American desire to see the Chinese people freed from the economic and political confusion.

The *Richmond News-Leader* said: "General Marshall's first important act as Secretary of State has met with wide public endorsement because it frees our country of all moral association with the reactionaries who appear to have become dominant in Nanking. We have invited the Chinese liberals to take control. If they do, America will help them: if they cannot, American will not be arrayed against them."

The *Norfolk Virginia-Pilot* wrote: "The United States now becomes a friendly spectator and a willing but not active mediator in China's struggle. This new aloofness should serve notice on the Nationalist Government that our interest is in peace for China and not power for a reactionary clique. It should serve notice on the Communists that our offer of mediation means no imperialistic plot. The masses of China—peasants, businessmen and professional people—want peace and government reform and an opportunity to rebuild a country drained by war."

The *Baltimore Sun* declared that the aims of the U.S. policy have not changed, but that the means which thwarted these aims were abandoned. The paper said that those who prophesy intensified civil war fail to take account of the fact the men in the Kuomintang who have been pressing for all-out civil war on the Communists lose ground by the new American policy.

"Even if Chiang does continue to yield to them, as some predict, China's present economic plight will make their expensive campaigns increasingly difficult. Pressure from within China—from businessmen of Shanghai and Canton, for example, on whom the Government depends for much of its revenue—will be for the solution of the economic problems. Those men know how important in terms of economic rehabilitation a half-billion dollar American loan is. But we have made it clear that the proceeds of that loan will not be forthcoming so long as the militarists continue to dominate Kuomintang policy," the *Sun* concluded.

The *New York Herald Tribune* took a more pessimistic view of the Chinese situation. "The bald truth about American policy in China is that there is no completely satisfactory course to be followed," the paper said.

"The only line of action in China it seems possible to accept—and it certainly is not without serious dangers—is the one Secretary of State Marshall apparently intends to pursue. This is to withhold any large-scale assistance from the Chinese Government until that Government puts its house in order, meanwhile making it clear that such assistance will be forthcoming under reasonable conditions. The policy may fail for various reasons, one of the strongest being that the men who should be thrown out of the Chinese Government and carted away to some obscure place of retirement are men of strength and tenacity," the *Herald Tribune* asserted.

"If the policy does succeed, however, it will bring the liberals into power in Nanking and will remove most of the deep-seated and destructive political cancers that now exist there. These liberals, if reasonably competent, might be able to make peace with the Communists. If they could not and the civil war continued, they might be able to win China by military force. They would back the policies wanted by the Chinese people and thus would have an advantage that no reactionary Chinese Government possibly could have," the paper declared.

* * *

CHINA POLICY

THE *Washington Post* said that General Marshall's return to the United States called for the withdrawal of mediation efforts in this country, in particular as regards American participation in the Committee of Three, formed to mediate China's internal strife.

This, however, does not lessen the American desire to aid the Chinese people, the *Post* said.

The paper continued: "We can keep Chinese respect only by refusal to subsidize the men who are preying upon the Chinese, by enforcing a strict accounting for every nickel we lend to China, and by being ready to reconstruction. In General Marshall we have a man who knows and appreciates the realities of the Chinese situation while remaining a true friend of the Chinese people.

The *Washington Star* said that although the American decision to withdraw from the mediation committee was expected, the news, nevertheless, was disheartening. To avoid the dangers of an unrestrained civil war, the *Star* advocated that the Chinese "place their country above factions."

The *Star* concluded: "Whether they will do it now, after having failed to do it during the Marshall mission, remains to be seen. If they do not do it, they will be striking hard at themselves and at the world's overall peace effort."

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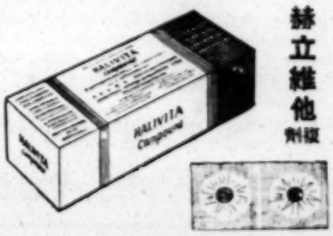

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What Chinese Papers Say...

THE U.S. Embassy at Nanking statement that America has decided to terminate her connections with the Committee of Three and the Executive Headquarters, was the most discussed topic of the week editorially in the Chinese press, which is markedly concerned over the uncertainty that will follow Washington's latest move in its China policy.

* * *

U.S. WITHDRAWAL

"THIS means the United States has terminated her mediatory efforts in the Chinese civil war," said the *Ta Kung Pao*. "We wish to avail ourselves of this opportunity to thank our American friends for the strenuous efforts made in this respect, but, in the meantime, we most bitterly deplore our own stupidity. Let the flames of the civil war continue to rage then!" declared the independent paper.

"Is this a prelude to the withdrawal of U.S. forces in China?" asked the *Ta Kung Pao*, which believed this action of the American Government a step in that direction. Looking ahead to the next few months, the paper said, "We are afraid that there will be a great deal of change between now and the coming of warm spring weather."

In a subsequent editorial on the same subject, the *Ta Kung Pao* predicted that America will adopt a wait-and-see policy towards China. It also shows that America has lost active interest in Chinese affairs, the paper said. However, this latest U.S. move will be advantageous to the American position at the forthcoming Foreign Ministers Conference at Moscow, the paper added.

On the other hand, the *Ta Kung Pao* holds that China's civil strife and her deteriorating economic situation may find some sort of solution sooner than otherwise thought possible. This is seen in greater attention being paid to the Chinese scene by powers other than the United States. These powers, the paper said, were relatively indifferent to China's affairs during the past year. This development will not necessarily be unbeneficial to this country because there will be a tendency to demand that a conclusion be reached regarding the Chinese question, the paper said.

The liberal *Wen Wei Pao* declared. "The peace negotiations which centered around the Americans since General Marshall first came to China have proved a complete failure and have become a historical relic."

Saying that that phase of the civil war after the adoption of the PCC agreement has now come to an end, the paper declared that a period of "naked civil war" has begun. "However, the people will never forget about the PCC, and will fight for the endorsement of this 'Magna Carta,'" the paper said, adding that the civil war will come to an end in six months at the earliest, and one year at the latest.

Commenting on a U.S. Information Service dispatch that only the American Marines who were detailed to protect the Executive Headquarters are to be withdrawn, the *Wen Wei Pao* said:

"In other words, America has not, as was generally hoped, withdrawn her mailed fist of interference with China's internal politics....It was only a move to 'deceive the world.' Certainly no respectable Chinese will tolerate international intervention."

The *Chung Yang Jih Pao*, Kuomintang organ, also holds the opinion that China's internal dispute should be solved by the Chinese alone. "Now that our friendly Allies have terminated their mediation work, all the people and all the political parties and groups of this country should all the more take up the responsibility of settling the dispute without delay," the paper said.

"However, the door to peace parleys is still being kept shut by the Communists, so there is no better course for these parties to take than to participate in the reorganized government out of their love for their country and fellow countrymen," declared the KMT organ.

Continuing, the paper said the Communists were not only unwilling to accept American mediation, but also leveled unwarranted criticisms against America and did their best to "stir up an anti-American movement." "These bad results were certainly not expected by the U.S. Government....and the announcement of its withdrawal was unavoidable," the *Chung Yang Jih Pao* said.

* * *

YOSHIDA CABINET

Commenting on the movement in Japan to overthrow the Yoshida Cabinet, the *Ta Kung Pao* said it is significant in three respects:

"First, the movement is organized by the people, while all previous attempts to overthrow the cabinet in Japan were directed by government officials or the Imperial House. This shows the strength of an awakened people can no longer be suppressed by the reactionary ruling class.

"Second, any cabinet that is controlled by conservatives alone is no longer able to govern Japan. The Socialist Party will play an important part in the forthcoming coalition cabinet in solving Japan's economic problem.

"Third, foreign influence cannot force the Japanese people to accept anything it wants them to do as seen in the failure of the MacArthur-supported Yoshida Cabinet in enlisting cooperation from the people."

The *Ta Kung Pao* thinks the best way to bring about a progressive, stabilized Japan will be the dissolution of the Diet and to hold a general election based upon the conscience of the Japanese people. "General MacArthur should know that the bitter enemy of America is not the people, but the reactionary ruling class of Japan," the paper said.

Second Marine Found Guilty In Rape Case

MARINE Pfc. Warren T. Pritchard was found guilty on two charges—that of failing to report the rape of a Chinese girl student and that of aiding in the assault made upon her by Marine William G. Pierson—by a naval court martial in Peiping last week.

The verdict was announced on the eve of the American Marine withdrawal from China, following the announcement of U.S. withdrawal from the Committee of Three. The maximum possible penalty on the first count is one year's imprisonment and three months on the second. Both penalties carry with them a dishonorable discharge.

Two weeks ago another naval court convicted Pierson of raping a 19-year-old National Peking University co-ed.

The news of the rape case aroused nationwide public indignation which subsided somewhat following the conviction of Pierson, who may get life imprisonment after his case is reviewed.

The second conviction in the rape case apparently has satisfied public sentiment.

Huge Lot Of Luxuries To Be Distributed

THE Chinese Government, which has recently decided to cut down the size of newspapers in the country to save foreign exchange and had previously banned the importation of luxuries and cosmetics, is now preparing to distribute CNC$2,100,000,000 worth of luxuries and cosmetics to local public servants and school teachers, the *Fei Pao* charges.

The Office of Distribution has 36 different kinds of "luxuries," the paper said, including hair perfumes, hair lotion, shaving lotion, cream, tooth powder, shaving creams, prickly heat powder, tobacco leaf, matches, soap, boot polish, razor blades and letter paper.

The *Fei Pao* pointed out that apart from matches, tooth powder and stationery, all the remaining items are in the luxury category. In these circumstances, distributing CNC$2,100,000,000 worth of these items to public servants and school teachers, would be tantamount to "sending flowers to those in utter distress...."

Moreover, the paper pointed out, the fact that the importation of these goods is banned, gives the Office of Distribution a monoply in this line. "That is why Mr. Ying, Director of the Office, received a bonus of CNC$10,000,000 last year," the *Fei Pao* concluded.

The Goverhment is planning to reorganize the German firms of Bayer and Defag into corporations, inasmuch as these firms have long business standing in China and abroad, the *Shun Pao* reported. The paper said the new corporations will begin functioning officially some time in March.

EVENTS IN BRIEF

The Japanese Ministry of Education has announced that schools will teach the Japanese language in the Romanized alphabet beginning April 1. Changes will be made in the spelling of the romanized characters, which means that the names of streets, buildings, railway stations and people's names, will have to be spelled and pronounced differently. For example, the Dai-ichi building, where SCAP is located, will be known as the Dai-iti.

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The Ministry of Information has restricted the importation of newsprint and has set the maximum number of leaves for a paper in Shanghai and Nanking at three, and in other areas at two. The ministry's order is expected to rouse a storm of protest not only from publishers but also from the PPC, which has already questioned the action. Opponents of the order said the Government could save foreign exchange on other items without restricting newspaper sizes.

* * *

The evacuation of all British women and children from Palestine was ordered last week by the British authorities in London, just as the House of Commons was preparing to debate the whole question of violence in Palestine. Later, a similar order was issued governing the stay in Palestine of journalists who were classed as "non-essential" in the official statement. The newsmen, however, are allowed to remain at their own risk and responsibility.

* * *

Resumption of a domestic "free market" in gold is contemplated in a bill introduced in the House of Representatives by Clair Engle (Dem., Cal.). Engle said the move was intended to pave the way to eventual restoration of an international free market. Such a step, which had previously met with opposition from the Treasury Department, was urged by Engle to revive the industry which he said had inadequate incentives to production as long as it was obliged to sell its output to the Treasury at US$35 per fine ounce.

* * *

A probe was begun last week into the actions of a number of members of the Shanghai Fire Brigade, when three firemen, including one officer, were arrested by the police on charges of ransacking trunks and taking away valuables in a residence during an eight-hour conflagration on Lunar New Year. Mayor Wu issued an order that all members of the Fire Brigade should remain at their posts until the investigation is completed.

* * *

The sentence handed down by the U.S. Military Commission in the recent atrocity trial of Captain Joichi Kuwashima medical officer of the Hoten Prisoner War Camp at Mukden, was approved by Major General John P. Lucas, Chief of the U.S. Army Advisory Group, and Kuwashima was hanged at Ward Road Jail late last week. Among other charges of mistreatment of POWs, the Japanese medico was convicted of abusing and beating a prisoner while performing an appendectomy without anesthetic.

* * *

As Philippine Government forces opened their drive against the Mount Arayat areas and elsewhere in central Luzon to wipe out the core of the Hukbalahap peasant forces, these groups were reported active in widely separated areas on the borders of the six provinces known as Huklandia, located in the rice and coconut bearing areas of the island. *AP* said the MPs were using artillery pieces against retreating Huks.

* * *

German experts who solved the wartime problem of escape from jet planes flying at high speeds are now in the United States helping to develop better parachutes, *Reuter* cabled from Washington. The Germans perfected a chute which was effective at up to 700 miles per hour, whereas the conventional type chute can save a person at not more than 350 miles per hour.

GOP Tax Reduction Plans Explained

THE tax reduction of 20 percent on all incomes, promised by the Republicans before voting time, now remains to be implemented, and this will be facilitated by the fact that Harold Knutson (Rep.. Minn.), the originator of the 20 percent flat tax cut, is the head of the powerful Ways and Means Committee of the House of Representatives.

How this will affect individual incomes is seen from the following:

Income US$	1939 Tax	1945 Tax	Proposed Tax
2,000	—	45	—
2,500	—	160	76
3,000	—	275	152
4,000	12	505	304
5,000	48	755	471
7,000	120	1,295	836
10,000	343	2,245	1,490
25,000	2,327	9,705	6,818
50,000	8,621	26,865	19,289
100,000	31,997	68,565	49,841
250,000	127,766	207,985	152,380
500,000	303,568	442,985	325,280
1,000,000	678,436	900,000	671,080

The proposed tax for 1947 is arrived at *after* tax reductions from wartime income taxes in 1946, not shown in this table.

If this plan is put into force, the major part of the tax burden will fall on the middle class incomes, and the most to profit will be the higher income brackets.

As can be seen from the above table, an income of US$1,000,000 will be taxed US$671,000 under the blanket 20 percent Republican cut, as compared to US$678,436 in 1939. An income of US$5,000, on the other hand, will be taxed US$471, as compared with the US$48 levied on it in 1939.

Representative Knutson is backed in his plan by John Taber (Rep., N.Y.), who is chairman of the House Appropriations Committee, which, with its Senate counterpart, can determine Government spending.

If a depression occurs in 1947, as many businessmen expect, the loss in revenue will follow, and added to the 20 percent cut in income taxes, may produce an unbalanced budget.

The recently-organized Chinese Petroleum Company has ordered 80,000 tons of petroleum from the American-Iranian Company and it is expected that the first shipments of this order will arrive here in three or four months. The fuel will be shipped by three vessels of the Chinese company which are to set out on their voyage the middle of this month. Further orders are being negotiated.

* * *

Four tons of urgently needed medical supplies for Kwangsi province were airlifted last week in the first payload operation of the CNRRA Air Transport, with Major-General Claire C. Chennault personally supervising the delivery. Two CAT C-47s, one of them carrying General Chennault, left Shanghai for Liuchow on the first trip of airlifting urgent CNRRA supplies.

Who's Who in China

GEN. CHANG CHIH-CHUNG, army officer and Governor of Sinkiang Province; born at Tsaohsien, Anhwei, 1891; after graduating from the Paoting Military Academy in 1916, served in the army and

Gen. Chang Chih-chung

（雲治中字文白）

participated in the National Pacification and Constitutional Defense campaigns of the Southern Military Government under Dr. Sun Yat-sen; later served successively as commander of Training Corps of the Whampoa Military Academy, Chief-of-Staff to the Garrison Command Headquarters at Canton, and Chief-of-Staff, 2nd Division, Revolutionary Army; during Northern Expedition organized by Generalissimo Chiang Kai-shek in 1926, became director of Adjutant's Office of Commander-in-Chief's Headquarters of Revolutionary Army; later was appointed Dean of Wuhan branch of Central Military and Political Academy; director of training department of Commander-in-Chief's Headquarters; was commissioned to go abroad by National Government to study political and economic conditions and visited leading countries of Europe and America and also Japan, 1928; upon return served as director of the Military Administration Department of the Military Council; Dean of the Central Military Academy, 1929; concurrently director of the Field Headquarters of Commander-in-Chief at Wuhan, Commander of 2nd Training Division; upon outbreak of Sino-Japanese hostilities in Shanghai, 1932, was appointed Commander of 5th Army and concurrently Commander of 87th Division, which opposed the Japanese at Kiangwan and Miaohang; after that phase of the war, returned to post as Dean of the Central Military Academy, Nanking; in 1933, was appointed Commander of 4th Route Army of northern sector of Bandit Suppression Forces of Hunan, Hupeh, Fukien, Kiangsi and Kwangtung; after campaigns, again resumed post as Dean of Central Military Academy; appointed Garrison Commander of Shanghai-Nanking area, July, 1937; upon outbreak of Shanghai hostilities on August 13, 1937, was appointed Commander-in-Chief of the Chinese Defense Forces; later was transferred to Hunan as Chairman of the province, which post he held until winter of 1938; Adjutant-General to Generalissimo Chiang, 1939; appointed Minister of Political Affairs Department of Military Affairs Commission, and concurrently Secretary-General of the San Min Chu I Youth Corps, 1940; since March, 1946, Commander of the Generalissimo's Northwest Headquarters and Governor of Sinkiang; represented the Central Government in the Committee of Three formed with General George C. Marshall and General Chou En-lai at the beginning of 1946 for the drawing up of truce agreements between the Nationalist and Communist troops and discussion of the reorganization of the Chinese armies; member of the Central Executive Committee of the Kuomintang; address: c/o Provincial Government of Sinkiang, Tihwa, Sinkiang.

PEOPLE IN THE NEWS

PRESIDENT HARRY TRUMAN warned the United States Congress that if the Government's war powers are scrapped virtual chaos will result in the world distribution of foods in short supply. The present law expires on March 31. The President stated that if it were not renewed "our troops would be jeopardized and our policy of encouraging the growth of democracy would be endangered." Without these controls in the United States the International Emergency Food Council will be unable to function adequately.

* * *

REP. VITO MARCANTONIO, American Labor Party member of New York, introduced a bill to Congress to the effect that "the right to become naturalized citizens of the United States shall not be abridged because of race, color, creed or national origin." This would wipe out Oriental exclusion laws.

* * *

MAHATMA GANDHI plans to summon a world peace conference in India some time this year, according to the All-India Radio. Special invitations will be extended to China, Japan, the United States and European countries.

* * *

PRESIDENT HO CHI-MINH of the Vietnam republic is reported by Vietnam Radio to have repeated his demands upon France for the creation of an independent state made up of the "three Annamite countries," by which he presumably meant Tonkin, Annam and Cochin-China. He said that although the Vietnamese people wanted peace and friendly collaboration, they were "determined to sacrifice for our country."

* * *

R. K. GAUMNITZ, formerly UNRRA procurement official in the United Kingdom, Europe and the Middle East, is to be deputy director of the UNRRA China Office. Mr. Gaumnitz has been with UNRRA since January, 1944.

* * *

COUNT CARLO SFORZA, wartime head of the "Free Italy" movement, has been appointed Foreign Minister in Alcide de Gaspari's coalition cabinet. The 73-year-old veteran Italian Republican leader, long an opponent of Fascism, has returned from 20 years of self-imposed exile. He is extremely well thought of abroad.

* * *

LT. GEN. HSUAN TIEH-WU's resignation as Police Commissioner of Shanghai has once more been turned down, this time after an interview with the Generalissimo. Maj. Gen. Yang Pu-tsing has been appointed Deputy Garrison Commander for the Woosung-Shanghai Area in order to relieve Gen. Hsuan from part of the pressure of his duties.

* * *

ADMIRAL C. M. COOKE, Jr., Commander of the U.S. Naval Forces in the Western Pacific, is to depart from Tsingtao on February 10 for Hongkong aboard his flagship, the U.S.S. Estes. Admiral Cooks will call on Vice Admiral Sir Dennis Boyd, Commander-in-Chief of the British Pacific Fleet.

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NEW BOOKS OF INTEREST

Orchidaceous Dream

PAVILION OF WOMEN *by Pearl S. Buck. Published by The John Day Co., New York,* 1946. 316 *pp.*, US$3.00. *Reviewed by Marion Barney.*

WITHOUT having indulged in all of the works of this prolific author, it still seems safe to guess that this particluar novel is one of her more insipid achievements. It is the unhuman portrait of a fastidious Chinese matriarch whose family sits patiently around like chessmen waiting for her gentle shove. It is incredible that the traditional Chinese family should have survived through the centuries if it were as effete as the orchidaceous dream presented here.

The central problem is a woman's struggle for her personal spiritual independence amidst her manifold duties as wife, mother, landlord, householder and arbiter of human destiny on a grand scale. Madame Wu is a caricature of the small-boned Chinese lady with the charming "little" smile. An exaggerated fastidiousness is her outstanding characteristic, and she seems to suffer from a peculiar brand of selfishness, so subtle that no one detects it save a foreign priest, who is the living symbol of the brotherhood of man.

Affairs in the Wu family go from bad to worse under Madame's misguided ministrations until the foreign priest dies. It is then that Madame Wu realizes that she loved him. The revelation completely metamorphoses the lady. She is able to straighten out the affairs of her family with infallible wisdom engendered during imagined conversation with the dead priest. In the end "the years have passed over Madame Wu. She never leaves her own gates. Yet somehow she knows enough and all of that which goes on. She is famed for her patient listening and her cool judgments, and many come to her for enlightenment. It is she who decides all great matters in city and country."

Of the other characters in the book, the foreign priest is just a great piece of soul striding in and out of the picture; a few of the younger generation seem to be suffering the pangs of awakening social consciousness; Madame Wu's earthy friend, Madame Kang is a rather pleasant character. The rest of the principals are completely negative. Mr. Wu is nothing but a clean healthy animal, completely obedient to his wife.

There is one thing to be said in favor of this book. It has created a rather charming and interesting atmosphere in the great mansion. There are some rather nice descriptive passages, and, of course, bits of local color and custom. A few of the minor characters such as the ancient mother-in-law and the maid, Ying, are rather pleasing. It may be said, then, that some of the detail is rather good, while the book as a whole is poor.

As the characters are too unrealistic to enlist the reader's sympathy and there is very little action, the story does not sustain one's interest. Presumably, it was supposed to be a sort of epic of human relationships and an exposition of Chinese family life. As an epic it simply falls flat. As an exposition it is unconvincing. For the Western reader, the mystery of the East will be further confounded by these curious out-of-this-world characters, unless he keeps firmly in mind the fact that the two foreigners are just as fantastic as the Chinese. In my personal opinion the whole thing never should have been written.

Economics

ECONOMIC ANALYSIS AND PUBLIC POLICY *by Mary Jean Bowman, Ph. D. and George Leland Bach, Ph. D. Published by Prentice Hall, Inc. New York,* 1946, 935 *pages. Reviewed by J. R. Kaim.*

WITHIN just a shade more than three years this book has seen eight printings, the main readers probably being students of the two colleges where the co-authors teach economics and sociology. In fact, the book despite its general title is a textbook rather than a methodical discussion of facts and ideas.

Contrary to the co-authors' claim that their work is to be at the same time rigorous in analysis, yet meaningful and teachable in content, it appears to be one of those works that refer to present questions and problems as matters of fact with opinions and convictions delivered ready made.

Bearing this in mind one must acknowledge that the material flows logically from one section of the book to another and that beginners may learn from it many facts and many theories. As to the interpretation of such facts, however, the reader will learn little about the various—and often widely divergent—views of great economists. What he gets may help him a lot, just as a patent medicine, nicely pressed in round tablets, may help him, no matter whether or not he knows what the drug contains.

Enigma?

SOVIET FAR EASTERN POLICY (1931-1945) *by Harriet L. Moore. Published by Princeton University Press, Princeton, N.J.* 1945. 284 *pp.*, US$2.50. *Reviewed by Urii Sdobnikov.*

IN the preface to a most original book, Owen Lattimore writes:

> "To many Americans, perhaps to most Americans, the policy of the Soviet Union toward China and Japan has been an enigma....If we can reduce Soviet policy from the total incomprehensibility of an enigma to a level at which it becomes, like the policies of other countries, comprehensible in general outline though many details remain obscure, we shall have gone a long way."

The author, Harriet Moore, who for the last 10 years has studied the Soviet press, periodicals and commentary with special reference to the subject in hand, has accomplished just this—reduced Soviet Far Eastern policy from an enigma to general outlines.

Miss Moore's knowledge of Russian, extended trips to the USSR and continuous correspondence with Russians have enabled her to observe and evaluate Russian Far Eastern policy, which has been dubbed enigmatic if viewed from the accounts of garbled and one-sided news dispatches.

A full half of the book is devoted to full-length documents of treaties, statements and protocols, besides adequate quotations from the official *Pravda* and *Izvestia*. The first half is a running account of events which begin in the Soviet Union in 1931—in the middle of the first five-year plan—with Russia isolated internationally in the Far East, and lead to the eve of Russia's entry into the war against Japan on the side of powerful allies.

The work itself is not an interpretation of events, but is the unraveling of a skein of complicated and little-known and publicized facts which give the student of the Far East an idea, from the Soviet point of view, of what occurred in this part of the world in the 15 years prior to 1945, and why.

The book gives approximately the picture the Soviet people themselves have of the Far East, inasmuch as the study is compiled almost exclusively from Soviet sources, apart from a few references from Japanese journals and publications.

"Not only is it plain that for the USSR peace and security in the East have always been a question of national defense; to this end Moscow has through the years, since Litvinov first formulated the phrase 'peace is indivisible,' advocated international machinery in the East as well as the West, machinery backed by requisite force," Miss Moore says of the results of her delving into a mass of documents and press clippings.

In a word, the book presents the "other side of the picture," the side that has not been too fully represented abroad, the Soviet point of view on Far East politics.

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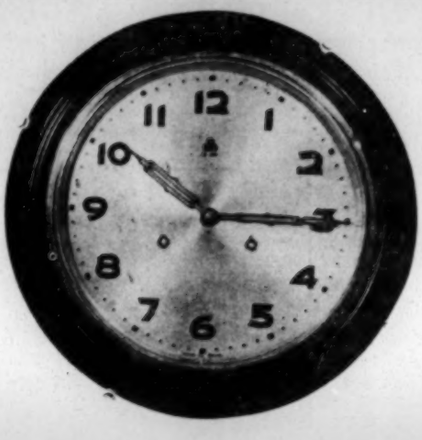

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TIME TABLE

4	6	8	2	10	12	72	82	84	TRAIN NO.	1	5	7	3	9	11	71	81	83
I, II Exp.	I, II III Exp.	I, II Exp.	I, II N'king Excur. Throu. Exp.	I, II III Night Exp.	I, II Night Exp.	I Wusih Excur.	I Wusih Excur.	I Wusih Excur.	STATIONS	I, II H'chow Excur. Throu. Exp.	I, II III Exp.	I, II Exp.	I, II Exp.	I, II III Nigh Exp.	I, II Night Exp.	I Wusih Excur.	I Wusih Excur.	I Wusih Excur.
7.00	9.00	11.00	13.30	21.30	23.00	17.15	6.40	20.30	D SHANGHAI NORTH A	14.45	16.25	19.30	22.45	6.35	8.00	13.05	23.55	18.30
	10.16	12.14		23.23					D KUNSHAN D		15.24	18.15		5.28				
8.41	10.57	12.57	15.17	0.20	1.06	19.03	8.26	22.31	A SOOCHOW D	13.06	14.33	17.29	21.06	4.39	5.39	11.12	21.52	16.40
8.48	11.06	13.04	15.26	0.27	1.13	19.09	8.31	22.38	D SOOCHOW A	12.59	14.19	17.21	20.58	4.32	5.19	11.06	21.46	16.46
9.36	11.54	13.55	16.14	1.22	2.08	20.00	9.35	23.30	A WUSIH D	12.11	13.24	16.27	20.10	3.39	4.26	10.15	20.55	15.40
9.42	12.06	14.02	16.23	1.29	2.15				D WUSIH A	12.04	13.18	16.21	20.03	3.33	4.19			
10.31	12.59	15.01	17.09	2.27	3.13				A CHANGCHOW D	11.17	12.22	15.20	19.16	2.35	3.30			
10.40	13.08	15.15	17.19	2.37	3.25	Suspended on Sunday	Run on Sunday	Run on Sunday	D CHANGCHOW A	11.06	12.09	15.08	19.06	2.24	3.20	Suspended on Sunday	Run on Saturday	Run on Sunday
11.38	14.00	16.13		3.56	4.29				A TANYANG D		11.09	14.05	18.12	1.07	2.03			
11.41	14.03	16.17		4.00	4.33				D TANYANG A		11.05	13.55	18.03	1.02	2.00			
12.18	14.40	17.01	18.46	4.46	5.18				A CHINKIANG WEST D	9.32	10.28	13.07	17.23	0.09	1.07			
12.25	14.45	17.17	18.53	4.55	5.27				D CHINKIANG WEST A	9.24	10.21	12.59	17.15	23.56	1.00			
13.55	16.10	18.50	20.20	6.30	7.15				A NANKING D	8.00	9.00	11.00	15.45	22.00	23.00			

FARE LIST

STATIONS	Kilo.	I Class Ordinary Express		II Class Ordinary Express		III Class Ordinary Express		"Triumph" Express, Nanking & Hangchow Excursion Through Expresses I	"Triumph" Express, Nanking & Hangchow Excursion Through Expresses II	"Tai Hu" Excursion
SHANGHAI N. TO:—										
KUNSHAN	52	4,000.	10,000.	2,000.	5,000.	1,000.	2,500.			
SOOCHOW	87	8,000.	10,000.	4,000.	5,000.	2,000.	2,500.	19,500.	10,500.	20,000.
WUSIH	129	10,000.	12,000.	5,000.	6,000.	2,500.	3,000.	19,500.	10,500.	20,000.
CHANGCHOW	168	14,000.	16,000.	7,000.	8,000.	3,500.	4,000.	19,500.	10,500.	
TANYANG	213	16,000.	20,000.	8,000.	10,000.	4,000.	5,000.	30,000.	16,500.	
CHINKIANG WEST	243	18,000.	22,000.	9,000.	11,000.	4,500.	5,500.	30,000.	16,500.	
NANKING	312	24,000.	28,000.	12,000.	14,000.	6,000.	7,000.	30,000.	16,500.	

SHANGHAI-HANGCHOW LINE

TIME TABLE

23	21	61	67	25	1	41	TRAIN NO.	92	42	2	68	26	22	62	94
I, II III Exp.	West Lake Throu.	II, III Ord.	IV Mixed	I, II III Exp.	I, II H'chow Throu. Exp.	II, III Ord.	STATIONS	I, II III Local Exp.	II, III Ord.	I, II N'king Throu. Exp.	IV Mixed	I, II III Exp.	West Lake Excur.	II, III, IV Ord.	I, II III Local Exp.
6.45	8.00	8.15		11.30	16.00	16.15	D SHANGHAI NORTH A	9.15	12.15	12.35		18.55	20.05	22.30	
7.05	8.16	8.36	9.00	11.53	16.19	16.36	D SHANGHAI WEST D	8.58	11.55	12.20	17.20	18.37	19.49	22.13	
7.49		9.46	10.29	12.38	17.03	17.46	A SUNGKIANG D	7.51	10.44	11.26	15.29	17.48		21.00	
7.54		9.56	10.40	12.48	17.08	17.51	D SUNGKIANG A	7.47	10.38	11.21	15.22	17.39		20.54	
9.02	10.02	11.40	12.50	13.50	18.16	19.23	A KASHING D	6.35	9.04	10.13	13.10	16.20	17.54	19.25	
9.16	10.08	11.50	13.15	13.58	18.26	19.33	D KASHING A		8.55	10.04	12.45	16.11	17.47	19.12	20.50
10.00		12.33	14.52	14.32	19.01	20.16	D YEHZAH D		8.14	9.31	11.53	15.39		18.29	20.18
10.31		13.18	15.56	15.04	19.32	2'	A CHANGAN- D		7.27	8.58	10.40	15.06		17.42	19.34
10.36		13.26	16.10	15.11	19.3'		D TSENG A		7.22	8.54	10.27	15.02		17.37	19.27
11.30	11.55	14.45	18.10	16.20	20.30	22.20	A HANGCHOW D		6.10	8.00	8.30	14.00	16.00	16.25	18.25

FARE LIST

STATIONS	Kilo.	I Class Ordinary Express		II Class Ordinary Express		III Class Ordinary Express		"Triumph" Express, Nanking & Hangchow Excursion Through Expresses I	"Triumph" Express, Nanking & Hangchow Excursion Through Expresses II	"West Lake" Excursion
SHANGHAI N. TO:—										
SUNGKIANG	45	4,000.	10,000.	2,000.	5,000.	1,000.	2,500.	19,500.	10,500.	
KASHING	99	8,000.	10,000.	4,000.	5,000.	2,000.	2,500	19,500.	10,500.	15,000.
YEHZAH	126	10,000.	12,000.	5,000.	6,000.	2,500.	3,000.	19,500.	10,500.	
CHANGANTSENG	151	12,000.	14,000.	6,000.	7,000.	3,000.	3,500.	19,500.	10,500.	
HANGCHOW	190	14,000.	18,000.	7,000.	9,000.	3,500.	4,500.	19,500.	10,500.	25,000.

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